



C a c a d u

DISTRICT MUNICIPALITY

Province of the Eastern Cape

progress through development

CACADU DISTRICT MUNICIPALITY

**Annual Financial Statements
for the year ended
30 June 2011**

CACADU DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2011

General Information

Nature of business and principal activities

Services

Accounting Officer

DM Pillay

Registered office

32 Govan Mbeki Ave
Standard Bank Building
Port Elizabeth
6001

Postal address

P O Box 318
Port Elizabeth
6000

Auditors

Office of the Auditor-General

CACADU DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2011

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Abbreviations

DBSA	Development Bank of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
CDM	Cacadu District Municipality

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Accounting Officer's Responsibilities and Approval

The Accounting Officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the Accounting Officer to ensure that the annual financial statements fairly present the state of affairs of the Municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and were given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with South African Statements of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

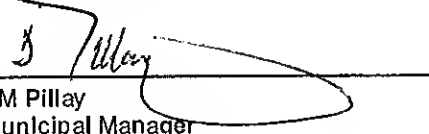
The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Accounting Officer acknowledges that he is ultimately responsible for the system of internal financial control established by the Municipality and places considerable importance on maintaining a strong control environment. To enable the Municipality to meet these responsibilities, the Accounting Officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the financial year and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the spectrum. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Accounting Officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The Accounting Officer has reviewed the municipality's cash flow forecast for the year to June 30, 2012 and, in the light of this review and the current financial position, he is satisfied that the Municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements set out on page 4 - 55, which have been prepared on the going concern basis, were approved by the Accounting Officer on August 31, 2011 and signed hereunder.


DM Pillay
Municipal Manager
8/31/2011

CACADU DISTRICT MUNICIPALITY

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Statement of Financial Position

Figures in Rand	Note(s)	2011	2010
Assets			
Current Assets			
Short-term portion of long-term receivables	4	11,426	20,623
Trade and other receivables	5	375,700	97,443
Other receivables from non-exchange transactions	6	2,432,061	2,815,595
VAT receivable	7	4,403,512	4,352,189
Deposits paid	8	25,110	25,010
Cash and cash equivalents	9	305,967,946	366,704,581
		<u>313,215,755</u>	<u>374,015,441</u>
Non-Current Assets			
Investment property	10	14,253,500	13,170,500
Intangible assets	11	86,885	86,885
Property, plant and equipment	12	68,444,885	74,603,689
Long term Receivables	4	4,177	21,051
		<u>82,789,447</u>	<u>87,882,125</u>
Total Assets		<u>396,005,202</u>	<u>461,897,566</u>
Liabilities			
Current Liabilities			
Short-Term Portion of Long-Term Liabilities	13	21,890	87,173
Deferred Income	14	86,364,157	135,529,395
Trade and other payables from exchange transactions	15	13,155,826	20,016,709
Provisions	16	460,275	407,556
Short-term portion of post-employment medical benefit	17	3,404,628	3,114,384
		<u>103,406,776</u>	<u>159,155,217</u>
Non-Current Liabilities			
Long-term liabilities	13	-	21,890
Short-term portion of post-employment medical benefit	17	55,770,367	51,158,088
		<u>55,770,367</u>	<u>51,179,978</u>
Total Liabilities		<u>159,177,143</u>	<u>210,335,195</u>
Total assets less liabilities		<u>236,828,059</u>	<u>251,562,371</u>
Net Assets			
Revaluation reserve	18	62,625,168	60,556,453
Unappropriated surplus	19	174,202,891	191,005,918
Total Net Assets		<u>236,828,059</u>	<u>251,562,371</u>

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Statement of Financial Performance

Figures in Rand	Note(s)	2011	2010
Revenue			
Rental income		1,115,413	991,168
Tariffs and charges		263,394	239,970
Property rates		366,996	174,301
Government grants and subsidies	22	175,582,418	281,265,648
		<u>177,328,221</u>	<u>282,671,087</u>
Other income			
Fair value adjustments	10	1,083,000	-
Income from agency services		32,640	29,698
Other revenue	23	2,520,112	2,591,528
Reduction in provision for debt impairment		62,807	1,539,342
Investment interest		22,986,979	30,818,431
		<u>26,685,538</u>	<u>34,978,999</u>
Operating expenses			
Depreciation	12	(2,539,655)	(2,437,313)
Impairment	12	(7,672,680)	(175,351)
Discounting of post employment medical benefit	17	(4,650,930)	(5,895,008)
Actuarial loss on post employment medical benefit	17	(3,218,610)	(1,564,301)
Employee costs	24	(36,092,721)	(34,985,144)
Bulk purchases	27	(8,310)	(12,821)
Collection costs		(11,023)	(25,449)
Conditional grant expenditure	28	(100,179,886)	(211,688,220)
Other grants and subsidies paid	28	(10,793,553)	(14,460,646)
Contracted services		(3,241,827)	(3,173,393)
General expenses - other		(47,967,249)	(51,535,454)
Loss on donation of assets		-	(2,099,003)
Repairs and maintenance		(1,034,981)	(952,239)
Bad debts written off		(99,293)	-
		<u>(217,508,718)</u>	<u>(328,804,142)</u>
Operating deficit		<u>(13,494,959)</u>	<u>(11,154,056)</u>
Fair value adjustments	10	-	(712,500)
Finance costs	26	(8,320)	(109,968)
		<u>(8,320)</u>	<u>(822,468)</u>
Deficit for the year		<u>(13,503,279)</u>	<u>(11,976,524)</u>

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Statement of Changes in Net Assets

Figures in Rand	Notes	Revaluation reserve	Unappropriated surplus	Total net assets
Opening balance as previously reported		59,376,104	196,273,661	255,649,765
Adjustments				
Prior year adjustments	29	-	3,105,776	3,105,776
Balance at July 01, 2009 as restated		59,376,104	199,379,437	258,755,541
Changes in net assets				
Revaluations		1,180,349	-	1,180,349
Unappropriated Surplus of Primary Health Care transferred to CDM		-	4,115,123	4,115,123
Prior year adjustments		-	(512,118)	(512,118)
Net income (losses) recognised directly in net assets		1,180,349	3,603,005	4,783,354
Deficit for the year		-	(11,976,524)	(11,976,524)
Total recognised income and expenses for the year		1,180,349	(8,373,519)	(7,193,170)
Total changes		1,180,349	(8,373,519)	(7,193,170)
Balance at July 01, 2010		60,556,453	191,005,917	251,562,370
Changes in net assets				
Deficit for the year		-	(13,503,279)	(13,503,279)
Unappropriated Surplus of Primary Health Care transferred to CDM		-	(3,299,747)	(3,299,747)
Revaluations	12	2,068,715	-	2,068,715
Total changes		2,068,715	(16,803,026)	(14,734,311)
Balance at June 30, 2011		62,625,168	174,202,891	236,828,059
Note(s)		18	19	

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Cash Flow Statement

Figures in Rand	Note(s)	2011	2010
<u>Cash flows from operating activities</u>			
Receipts			
Cash receipts from customers		486,505,309	215,429,466
Interest income		22,986,979	30,818,431
		<u>509,492,288</u>	<u>246,247,897</u>
Payments			
Cash paid to suppliers and employees		(568,174,598)	(286,056,817)
Finance costs		(8,320)	(109,968)
		<u>(568,182,918)</u>	<u>(286,166,785)</u>
Net cash flows from operating activities	30	<u>(58,690,630)</u>	<u>(39,918,888)</u>
<u>Cash flows from investing activities</u>			
Purchase of property, plant and equipment	12	(2,237,855)	(3,310,610)
Proceeds from sale of property, plant and equipment	12	253,052	-
Purchase of other intangible assets	11	-	(86,885)
Decrease in deposits paid		(100)	-
Decrease in long term receivables		26,071	30,863
Net cash flows from investing activities		<u>(1,958,832)</u>	<u>(3,366,632)</u>
<u>Cash flows from financing activities</u>			
Repayment of other financial liabilities		-	(4,442,018)
Finance lease payments		(87,173)	14,476
Net cash flows from financing activities		<u>(87,173)</u>	<u>(4,427,542)</u>
Net increase/(decrease) in cash and cash equivalents		<u>(60,736,635)</u>	<u>(47,713,062)</u>
Cash and cash equivalents at the beginning of the year		366,704,581	414,417,643
Cash and cash equivalents at the end of the year	9	<u>305,967,946</u>	<u>366,704,581</u>

CACADU DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2011

Accounting Policies

1. Reporting Entity

The Cacadu District Municipality (CDM) is a district municipality domiciled in South Africa. The registered address of the district municipality is 32 Govan Mbeki Avenue, Port Elizabeth. The Cacadu District Municipality is situated in the western portion of the Eastern Cape Province. It covers an area of 58 242 square kilometers. The area of the district municipality included the District Management Areas (DMA's) until the elections in May 2011, after which it was disestablished and incorporated into the various Local Municipalities.

The CDM's primary function is to support the development of a strong system of local government and service delivery across the district that meets the needs of our stakeholders - the Local Municipalities, residents and the private sector. The CDM is governed by the Municipal Finance Management Act, no. 56 of 2003, the Local Government: Municipal Systems Act, no. 32 of 2000 and the Local Government: Municipal Structures Act, no. 117 of 1998.

1.1 Basis of Preparation

Statement of compliance

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) prescribed by the Minister of Finance.

These accounting policies are consistent with the previous period.

Accounting policies for material transactions, events or conditions not covered by the above GRAP Standards have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (SA GAAP) and the International Public Sector Accounting Standards (IPSAS), where applicable, in terms of Directive Five including any interpretations of such Statements issued by the Accounting Practices Board.

The entity has elected to early adopt the principles of the following requirement(s) in GRAP:

GRAP 23 - Revenue from Non-Exchange Transactions (Taxes and Transfers) - The entire standard

Basis of Measurement

The financial statements have been prepared on the accrual basis except for Land and Buildings, which are revalued.

Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the notes.

CACADU DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2011

Accounting Policies

1.1 Basis of Preparation (continued)

Offsetting

Assets, liabilities, revenues and expenses have not been offset, except when offsetting is required or permitted by a Standard of GRAP.

1.2 Presentation of currency

These annual financial statements are presented in South African Rand.

1.3 Going concern assumption

These annual financial statements have been prepared on a going concern basis.

1.4 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

Recognition

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Initial Recognition

Property, plant and equipment is initially measured at cost.

The "initial measurement" of property, plant and equipment, upon its "initial recognition" refers to property, plant and equipment's value when the current basis of accounting was first adopted, i.e. 1 July 2005. The "cost" of property, plant and equipment upon "initial recognition" is either its cost or fair value at initial recognition. The "cost" of land and buildings on 1 July 2005 would constitute its fair value on that date as no cost is available. the "cost" of other assets would be its carrying amount (cost less accumulated depreciation) as at that date on the assumption that the carrying amount represents the asset's fair value at 1 July 2005 if the asset was acquired prior to this date.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

CACADU DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2011

Accounting Policies

1.4 Property, plant and equipment (continued)

Subsequent measurement

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses. Land is not depreciated as it is assumed to have an indefinite life.

CDM has adopted the cost model for all classes of PPE except for Land and Buildings for which the fair value method has been adopted.

Land and Buildings will be revalued every five years commencing from 1 July 2007. Should the need arise, the valuations would be performed more regularly. Land and Buildings have been revalued annually for the past three financial years and thus no depreciation is recorded on Buildings.

Buildings will be depreciated only in financial years where no valuation is done, or where the valuation is not done as at 30 June.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset.

Depreciation

Property, plant and equipment is depreciated on the straight line basis over its expected useful life to their estimated residual value. Buildings are only depreciated in the absence of a fair valuation as at 30 June.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

Accounting Policies

1.4 Property, plant and equipment (continued)

The useful lives of items of property, plant and equipment have been assessed as follows:

	<u>Years</u>
Buildings	50
Specialised Vehicles	5-20
Electricity	5-30
Motor vehicles	5-10
Water	5-20
Office Equipment	2-10
Sewerage	15-20
Furniture and Fittings	7-15
Bins and Containers	5-10
Specialised plant and equipment	5-15
Computer equipment	2-10

The residual value, and the useful life and depreciation method of each asset is reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in surplus or deficit, unless it is included in the carrying amount of another asset.

Impairment

The municipality assesses at each Statement of Financial Position date whether there is any indication that an asset may be impaired. If any such indication exists, the entity estimates the recoverable amount of the asset.

If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of the asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of the asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

CACADU DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2011

Accounting Policies

1.4 Property, plant and equipment (continued)

Derecognition

Items of property, plant and equipment are derecognised when the asset is disposed of, or when there are no further economic benefits or service potential expected from the use of the asset.

Gains and losses

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.5 Provisions

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 32 and 33.

1.6 Employee benefits

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged to the Statement of Financial Performance as they fall due. Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the municipality's obligation under the scheme is equivalent to those arising in a defined contribution retirement benefit plan.

CACADU DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2011

Accounting Policies

1.6 Employee benefits (continued)

Defined benefits

The municipality provides certain post retirement medical benefits by funding the medical aid contributions of certain retired members of the municipality. According to the rules of the medical aid funds, with which the municipality is associated, a member (who is on the current conditions of service), on retirement, is entitled to remain a continued member of such medical aid fund, in which case the member is liable for 30% of the medical aid membership fee, and the municipality for the remaining 70%. The medical aid contributions are charged to the Statement of Financial Performance as they fall due.

The retirement benefits are calculated in accordance with the rules of the funds. Full actuarial valuations are performed on a regular basis on defined benefit contribution plans, unless exemption to do so has been obtained from the Registrar of Pension Funds.

The municipality's net obligation in respect of defined benefit retirement and post retirement plans are calculated separately for each plan by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods. These benefits are discounted to determine their present value, and any unrecognised past service costs and the fair value of any plan assets are deducted. The actuarial valuation is performed by an independent qualified actuary on a regular basis, using the projected unit credit method. When the calculation results in a benefit to the municipality, the recognised asset is limited to the net total of any unrecognised past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan. The actuarial gain is transacted in full in the Statement of Financial Performance and not calculated and accounted for according to the "corridor" method.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised in the Statement of Financial Performance on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the Statement of Financial Performance.

Accrued leave pay

The leave pay accrual is calculated taking into account the actual number of days accrued and the remuneration as at 30 June.

Other short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered) is recognised in the period in which the service is rendered and is not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

1.7 Leases

Municipality as the lessor

Assets leased to third parties under operating leases are included in property, plant and equipment in the Statement of Financial Position. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

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Annual Financial Statements for the year ended June 30, 2011

Accounting Policies

1.7 Leases (continued)

Municipality as the lessee

Leases in terms of which the municipality assumes substantially all the risks and rewards of ownership are classified as finance leases and where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases.

Upon initial recognition the finance leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments and the corresponding liabilities are raised. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

Payments made under operating leases (net of any incentives received from the lessor) are charged to the Statement of Financial Performance on a straight-line basis over the period of the lease.

1.8 Investments

The municipality classifies its investments as "Loans and receivables".

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Loans and receivables are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables, receivable within 12 months are included in cash and cash equivalents in the Statement of Financial Position.

Investments are initially measured at fair value and subsequently at amortised cost if materials.

1.9 Trade and other receivables

Accounts receivable are classified as "Loans and receivables" and are initially recognized at fair value. Subsequent measurement is at amortised value if material. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year end. Bad debts are written off during the year in which they are identified. Amounts that are receivable within 12 months from the reporting date are classified as current.

1.10 Trade and other payables

Trade and other payables are classified as "Liabilities at amortised cost" and are initially recognized at the fair value of the present obligation of a past event. Subsequent measurement is at amortised value if material.

1.11 Revenue

Revenue comprises the cost of the consideration received or receivable for the sale of goods and services in the ordinary course of the municipality's activities. Revenue is measured at the fair value of the consideration received or receivable net of value added tax, estimated returns, rebates and discounts and after eliminated revenue within departments of the municipality. Revenue is recognised as revenue from exchange transactions and revenue from non exchange transactions.

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Annual Financial Statements for the year ended June 30, 2011

Accounting Policies

1.12 Revenue from exchange transactions

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when consumed. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when consumed and accrued accordingly.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from the municipality and are levied monthly.

Interest and rentals are recognised on a time proportion basis.

Dividends are recognised on the date that the municipality becomes entitled to receive the dividend.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licenses and permits.

Income collected on behalf of "principals" is recognised on a monthly basis once the income collected on behalf of the principal has been quantified. The income recognised is in terms of the agency agreement.

Revenue from the sale of goods is recognised when the risk is passed to the consumer.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met, or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment is brought into use. Where public contributions have been received, but the municipality has not met the condition, a liability is recognised.

All other revenue is recognised as it accrues.

CACADU DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2011

Accounting Policies

1.13 Revenue from non-exchange transactions

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis.

Revenue from regional levies, both those based on turnover as well as those based on remuneration, is recognised on the payment due basis.

Donations are recognised on a cash receipt basis, or where the donation is in the form of property, plant and equipment, at the cost of the consideration received or receivable.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment is brought into use. Where public contributions have been received, but the municipality has not met the condition, a liability is recognised.

Contributed property, plant and equipment is recognised when ownership of the items of property, plant and equipment is transferred to the municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act no.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue received from conditional grants, donations and funding is recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. Where the criteria, conditions or obligations have not been met, a liability is recognised.

1.14 Grants, transfers and donations

Unconditional grants and receipts

Revenue from unconditional grants is recognised when it is probable that the economic benefits or service potential will flow to the municipality and the amount of the revenue can be measured reliably. Since these grants are unconditional and there are no attached stipulations, the grants are recognised as revenue or, if the asset recognition criteria have been met, as assets in the reporting period in which they are received or receivable.

Conditional grants and receipts

Revenue received from conditional grants, donations and funding is recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. Where the criteria, conditions or obligations have not been met, a liability is recognised.

Interest earned on investments is treated in accordance with grant conditions. If interest is payable to the grantor, it is recognised as a liability and if not, it is recognised as interest earned in the statement of financial performance.

CACADU DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2011

Accounting Policies

1.15 VAT

VAT is payable on the receipts basis. The municipality is liable to account for VAT at the standard rate (14%) in terms of section 7 (1) (a) of the VAT Act, in respect of the supply of goods or services except where the supplies are specifically zero-rated in terms of section 11, exempted in terms of section 12 of the VAT Act or is out of scope for VAT purposes.

VAT is paid over to SARS only once payment is received from debtors and claimed from SARS once payment is made to a creditor.

The net VAT is either classified as "Loans and receivables" or "Financial liabilities at amortised cost".

Measurement

Initial measurement is at cost. Subsequent measurement is at amortised cost if material.

Derecognition

VAT is derecognised when the net payment is paid or received from SARS, whichever is applicable when the VAT return is presented.

1.16 Segmental Information

The principal segments have been identified on a primary basis by classification of the revenue and expenditure and on a secondary basis by the classification of service of operations. The secondary basis is representative of the internal structure for both budgeting and management purposes.

1.17 Unauthorised expenditure

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act no.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and detailed further in the notes to the financial statements and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.18 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act no.56 of 2003), the Municipal Systems Act (Act no.32 of 2000), the Public Office Bearers Act (Act no. 20 of 1998) or is in contravention of the municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and detailed further in the notes to the financial statement, and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.19 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and detailed further in the notes to the financial statements and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

CACADU DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2011

Accounting Policies

1.20 Comparative information

Budget information in accordance with GRAP 1 has been provided in an annexure to these financial statements.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.21 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.22 Grants-in-aid

A municipality shall recognise grants-in-aid when, and only when:

- the entity controls the asset as a result of past events;
- it is probable that future economic benefits or service potential associated with the asset will flow to the municipality; and
- the fair value or cost of the asset can be measured reliably.

CACADU DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2011

Accounting Policies

1.23 Investment property

Initial recognition

Investment property includes property (land or a building, or part of a building, or both land or buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

Subsequent measurement - fair value model

Investment property is subsequently measured using the fair value model. Under the fair value model, investment property is carried at its fair value at the reporting date. Any gain or loss arising from a change in the fair value of the property is included in surplus or deficit for the period in which it arises.

Revaluation will take place every five years commencing from 1 July 2007. Should the need arise, the valuations would be performed more regularly.

Depreciation

Depreciation is calculated using the straight line method, over the estimated useful lives of the assets. The annual depreciation rates are based on the following estimated useful lives:

	Years
Buildings	50

The depreciation charge for each year is recognized in surplus and deficit.

Impairment

The municipality assesses at each Statement of Financial Position date, whether there is any indication that an investment property may be impaired. If any such indication exists, the entity estimates the recoverable amount of this property.

If there is any indication that an investment property may be impaired, the recoverable amount is estimated for the property. If it is not possible to estimate the recoverable amount of the property, the recoverable amount of the cash-generating unit of properties to which the property belongs is determined.

The recoverable amount of an investment property or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an investment property is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued investment property is treated as a revaluation decrease.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units.

Any reversal of an impairment loss of a revalued investment property is treated as a revaluation increase.

CACADU DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2011

Accounting Policies

1.23 Investment property (continued)

Derecognition

An investment property shall be derecognised (eliminated from the Statement of Financial Position) on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential is expected from its disposal.

Gains or losses

The gains and losses arising from the derecognition of investment properties (difference between carrying amount less any revaluation surpluses and net disposal proceeds) are included in surplus or deficit.

1.24 Intangible assets

An asset is identified as an intangible asset when it:

- is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, assets or liability; or
- arises from contractual rights or other legal rights, regardless whether those rights are transferable or separate from the municipality or from other rights and obligations.

An Intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

An intangible asset acquired at no or nominal cost will be measured at fair value at the day of acquisition.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired, provision for impairment will be made.

Reassessing the useful life of an intangible asset with a finite useful life, after it was classified as indefinite, is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

1.25 Financial instruments

Classification

The municipality classifies financial assets and financial liabilities into the following categories:

- Loans and receivables
- Financial liabilities measured at amortised cost

Initial recognition and measurement

Financial instruments are recognised initially when the municipality becomes a party to the contractual provisions of the instruments.

CACADU DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2011

Accounting Policies

1.25 Financial instruments (continued)

The municipality classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through surplus or deficit, transaction costs are included in the initial measurement of the instrument.

Subsequent measurement

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Held-to-maturity investments are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Impairment of financial assets

Impairment losses are recognised in surplus or deficit.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in surplus or deficit except for equity investments classified as available-for-sale.

Cash and cash equivalents

Cash includes cash on hand and cash with banks. Cash equivalents are short-term, liquid investments that are held with registered banking institutions with maturities of twelve months or less and are subject to an insignificant risk of change in value.

Cash and cash equivalents are classified as "Loans and receivables" and are initially measured at cost. Subsequent measurement is at face value or, if material, at amortised value.

Gains and losses

A gain or loss arising from a change in a financial asset or financial liability is recognised as follows:

- For financial assets and financial liabilities carried at amortised cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, and through the amortisation process.

CACADU DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2011

Accounting Policies

1.25 Financial instruments (continued)'

Derecognition:

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the municipality retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the municipality has transferred its rights to receive cash flows from the asset and either
 - has transferred substantially all the risks and rewards of the asset, or
 - has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the municipality has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the municipality's continuing involvement in the asset.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in surplus or deficit.

1.26 Non-current assets held for sale and disposal groups

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets held for sale (or disposal group) are measured at the lower of its carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

CACADU DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2011

Accounting Policies

1.27 Unutilised conditional grants

Initial recognition

Unutilised conditional grants are reflected on the Statement of Financial Position as a short-term portion of deferred income. They represent unspent government grants, subsidies and contributions from the public. The following conditions are set for the creation and utilisation of these creditors:

- The grant received is initially recognised at cost as deferred income.
- Whenever an item of property, plant and equipment is funded from a grant, an amount equal to the purchase price is transferred from the deferred income account to the operating account on the Statement of Financial Performance as revenue.
- Whenever operational expenditure is funded from a grant, an amount equal to the expenditure is transferred from the deferred income account to the operating account on the Statement of Financial Performance as revenue to offset the expenditure which was expensed through the operating account.
- The cash which backs the unspent portion is invested until utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If the grant conditions indicate that interest is payable to donors then interest earned on unutilised conditional grants is allocated to the funds and is not recognised in the Statement of Financial Performance.
- The spent grant is classified as "Financial liabilities at amortised cost".

Subsequent measurement

Deferred income unspent grants are subsequently measured at amortised cost if material.

Derecognition

Deferred income unspent grants are derecognised when the balance was expended per the conditions as set for a grant.

1.28 Revaluation reserve

The surplus arising from the revaluation of property, plant and equipment is credited to a non-distributable reserve. The revaluation surplus is realised as revalued buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/deficit. On disposal, the net revaluation surplus is transferred to the accumulated surplus/deficit while gains or losses on disposal, based on revalued amounts, are credited or charged to the Statement of Financial Performance.

1.29 Effective interest rate

The entity uses the prime interest rate less 0.5% to discount future cash flows.

1.30 Budget information

The annual financial statements and the budget are on the same basis of accounting, therefore a comparison with the budgeted amounts for the reporting period have been included in the annual financial statements.

CACADU DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2011

Notes to the Annual Financial Statements

Figures in Rand	2011	2010
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2. Changes in accounting policy

There were no changes in accounting policies during the financial year.

3. New standards and interpretations

GRAP 23: Revenue from Non-exchange Transactions

Revenue from non-exchange transactions arises when an entity receives value from another entity without directly giving approximately equal value in exchange. An asset acquired through a non-exchange transaction shall initially be measured at its fair value as at the date of acquisition.

This revenue will be measured at the amount of increase in net assets recognised by the municipality.

An inflow of resources from a non-exchange transaction recognised as an asset shall be recognised as revenue, except to the extent that a liability is recognised for the same inflow. As an entity satisfies a present obligation recognised as a liability, in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it will reduce the carrying amount of the liability recognised as recognise an amount equal to that reduction.

This Standard has been approved by the Board, but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

The effective date of the standard is for years beginning on or after April 01, 2012.

The municipality expects to adopt the standard for the first time in the 2013 annual financial statements.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

4. Long - Term Receivables

Loans to Kouga Local Municipality	11,426	32,049
Staff loans	4,177	9,625
	<u>15,603</u>	<u>41,674</u>

Classified as a financial asset: Loans and receivables and subsequently measured at amortised cost.

The loan to Kouga Local Municipality is unsecured, bears interest at 14.25% per annum and is repayable in 30 payments every six months.

Staff loans relates to study loans paid on behalf of employees to tertiary institutions for the furthering of the employees' development. These loans are repaid monthly in terms of the agreements with the applicable staff.

Long-term receivables	4,177	21,051
Short-term portion of long-term receivables	11,426	20,623
	<u>15,603</u>	<u>41,674</u>

CACADU DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2011

Notes to the Annual Financial Statements

Figures in Rand	2011	2010
5. Trade and other receivables		
Debtors to be transferred to Local Municipalities due to the disestablishment of the DMA	884,442	-
Salaries and Wages Debtors	38,356	42,256
Services	-	469,727
Deposit paid on PPE purchases	200,936	-
Accrued Rent	179,382	78,891
Rental	3,530	6,161
Rates	-	49,026
Trade and other receivables (impairments)	(930,946)	(548,618)
	<u>375,700</u>	<u>97,443</u>

6. Other receivables from non-exchange transactions

General	2,425,756	3,228,592
Levies	1,156,720	1,192,178
Department of Housing (housing scheme)	9,231,380	9,225,234
Nelson Mandela Bay Municipality Debtors Bank Deposits	5,788	2,310
Allowance for Impairment	(10,387,583)	(10,832,719)
	<u>2,432,061</u>	<u>2,815,595</u>

During the financial period, the District Management Area has been disestablished and incorporated within the various Local Municipalities. All related debtor balances have been transferred to the relevant Local Municipality.

Levies: Aging

+90 Days	<u>1,156,720</u>	<u>1,192,178</u>
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Services: Aging

0 - 90 Days	-	82,593
+90 Days	-	387,134
	<u>-</u>	<u>469,727</u>

Rates: Aging

0 - 90 Days	-	811
+90 Days	-	48,215
	<u>-</u>	<u>49,026</u>

Other receivables past due but not impaired

Receivables which are less than 3 months past due are not considered to be impaired.

Other receivables older than 3 months not considered to be impaired, are amounts due by East Cape Department of Health. At June 30, 2011, R 1,212,929 were past due but not impaired. The municipality provided for the 2010 amount as it considered the amount as irrecoverable. Subsequent meetings and acknowledgement from the department is considered positive and therefore the provision against this amount has been reversed.

The ageing of amounts past due but not impaired is as follows:

1 month past due	931,758	2,499,650
2 months past due	55,932	78,041
3 months past due	79,300	79,346
Eastern Cape Department of Health +3 months past due	1,212,929	-

CACADU DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2011

Notes to the Annual Financial Statements

Figures in Rand	2011	2010
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6. Other receivables from non-exchange transactions (continued)

Receivables impaired

As of June 30, 2011, receivables of R 11,318,529 (2010: R 11,381,337) were impaired and provided for.

The ageing of these loans is as follows:

3 to 6 months	26,806	302,723
Over 6 months	11,291,723	11,078,614

7. VAT receivable

VAT	4,403,512	4,352,189
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All VAT returns have been submitted by the due dates throughout the year.

VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.

No discounting was performed.

8. Deposits paid

Deposits - Electricity	5,000	5,000
Deposits - Parking	9,000	9,000
Deposits - Rietbron Electricity	-	500
Deposits - Parking Grace Street	1,410	810
Deposits - Post Office	6,000	6,000
Deposits - Health Department	3,700	3,700
	<u>25,110</u>	<u>25,010</u>

9. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	8,100	6,100
Bank balances	4,579,622	20,998,929
Short-term deposits	301,380,224	345,699,552
	<u>305,967,946</u>	<u>366,704,581</u>

Short -Term investments

Cash and cash equivalents are classified as a financial asset under Loans and Receivables at amortised cost.

No discounting was performed due to the short term nature of the cash turnover and the fact that all investments earned interest.

The fair value of cash and cash equivalents approximates their carrying amounts.

No cash deposits were ceded as collateral

The return on investments for 2011 fluctuated between 5.6% and 8.05%. (2010: 6.65% and 12.21%).

CACADU DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2011

Notes to the Annual Financial Statements

Figures in Rand	2011	2010
9. Cash and cash equivalents (continued)		
Interest on investments accrued	1,380,224	1,699,552
Cash deposits	290,000,000	340,000,000
Call Account Deposits	10,000,000	4,000,000
Total cash investments	301,380,224	345,699,552
<u>Allocation of external investments</u>		
<u>Surplus cash is invested until used for specific purposes. Investments are allocated on the following basis:-</u>		
Post employment medical benefit.	59,174,995	54,272,453
Conditional Grants and Receipts (Deferred income)	86,364,157	135,529,394
Infrastructure projects from Levies	5,206,881	5,750,750
Accrued leave pay	2,075,027	3,750,963
Unappropriated surplus	153,146,886	167,401,021
Total	305,967,946	366,704,581

CACADU DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2011

Notes to the Annual Financial Statements

Figures in Rand

9. Cash and cash equivalents (continued)

CDM has the following bank account

Bank details	Bank statement balances		Cash book balances	
	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2009
ABSA Limited 32 Govan Mbeki Avenue Port Elizabeth Current Account (Primary account): 1640-000-062	4,124,669	23,002,584	4,552,074	20,998,929
				(1,958,674)

10. Investment property

	2011		2010	
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Cost / Valuation	Accumulated depreciation and accumulated impairment
Investment property	14,253,500	-	13,170,500	-
				13,170,500

Reconciliation of investment property - 2011

	Opening balance	Fair value adjustments	Total
Investment property	13,170,500	1,083,000	14,253,500

CACADU DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2011

Notes to the Annual Financial Statements

Figures in Rand

10. Investment property (continued)

Reconciliation of investment property - 2010

Investment property

Opening balance	Fair value adjustments	Total
13,883,000	(712,500)	13,170,500

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the Cacadu District Municipality.

Details of valuation

Investment Property was valued at 30 June 2010 and 30 June 2011 on the basis of willing buyer and willing seller by Suid Kaap Waardeers, a registered and independent valuator. A register is available for inspection at the Cacadu District Municipality Head Office in Govan Mbeki Avenue, Port Elizabeth.

11. Intangible assets

Computer software

2011		2010			
Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
86,885	-	86,885	86,885	-	86,885

CACADU DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2011

Notes to the Annual Financial Statements

Figures in Rand

11. Intangible assets (continued)

Reconciliation of intangible assets - 2011

	Opening balance	Total
	86,885	86,885

Computer software

Reconciliation of intangible assets - 2010

	Opening balance	Additions	Total
	-	86,885	86,885

Computer software

Computer software

	2011	2010
	86,885	86,885

CQS Software

CQS Software (Caseware) is used as an aid in the preparation of the annual financial statements. The implementation of the software consist of two components i.e. template and annual licence fees. The template is an once off purchase and has an infinite lifespan. The annual licence fee is required to operate the template and is expensed annually.

CACADU DISTRICT MUNICIPALITY
Annual Financial Statements for the year ended June 30, 2011

Notes to the Annual Financial Statements

Figures in Rand

12. Property, plant and equipment

	2011		2010			
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	38,347,000	-	38,347,000	38,537,600	-	38,537,600
Buildings	22,261,000	-	22,261,000	24,250,785	-	24,250,785
Specialised plant and machinery	1,878,087	(937,885)	940,202	2,222,295	(1,507,531)	714,764
Furniture and fixtures	1,900,109	(634,407)	1,265,702	1,781,207	(483,001)	1,298,206
Motor vehicles	8,211,108	(4,076,399)	4,134,709	15,649,821	(8,235,539)	7,414,282
Office equipment	913,520	(527,115)	386,405	919,079	(385,478)	533,601
Computer equipment	3,951,348	(3,008,615)	942,733	3,657,842	(2,725,105)	932,737
Electricity infrastructure	10,820	(9,738)	1,082	280,254	(197,077)	83,177
Bins and containers	1,298,541	(1,132,489)	166,052	1,121,352	(9,739)	1,082
Specialised vehicles	-	-	-	1,121,352	(334,829)	786,523
Water distribution	-	-	-	162,893	(111,961)	50,932
Total	78,771,533	(10,326,648)	68,444,885	88,593,949	(13,990,260)	74,603,689

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12. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2011

	Opening balance	Additions	Disposals	Revaluations	Depreciation	Impairment loss	Total
Land	38,537,600	-	-	2,794,000	-	(2,984,600)	38,347,000
Buildings	24,250,785	-	-	(725,285)	-	(1,264,500)	22,261,000
Specialised plant and machinery	714,764	473,070	-	-	(163,709)	(83,923)	940,202
Furniture and fixtures	1,298,206	221,545	-	-	(155,030)	(98,019)	1,265,702
Motor vehicles	7,414,282	1,124,777	(253,052)	-	(1,744,169)	(2,407,129)	4,134,709
Office equipment	533,601	28,955	-	-	(86,281)	(89,870)	386,405
Electricity infrastructure	932,737	389,508	-	-	(248,238)	(131,274)	942,733
Bins and containers	83,177	-	-	-	(22,841)	(60,336)	-
Specialised vehicles	1,082	-	-	-	-	-	1,082
Water distribution	786,523	-	-	-	(103,635)	(516,836)	166,052
	50,932	-	-	-	(15,747)	(35,165)	-
	74,603,689	2,237,855	(253,052)	2,068,715	(2,539,650)	(7,672,672)	68,444,885

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12. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2010

	Opening balance	Additions	Disposals	Revaluations	Depreciation	Impairment loss	Total
Land	39,900,300	-	(1,939,550)	576,850	-	-	38,537,600
Buildings	23,707,555	-	(60,269)	603,499	-	-	24,250,785
Specialised plant and machinery	795,079	95,854	(2,336)	-	(173,833)	-	714,764
Furniture and fixtures	1,155,139	377,294	(77,275)	-	(152,117)	(4,835)	1,298,206
Motor vehicles	6,874,473	2,248,469	-	-	(1,539,118)	(169,542)	7,414,282
Office equipment	409,224	229,403	(7,163)	-	(96,920)	(943)	533,601
Computer equipment	1,060,810	249,546	(12,410)	-	(365,179)	(30)	932,737
Electricity infrastructure	109,662	-	-	-	(26,485)	-	83,177
Bins and containers	1,082	-	-	-	-	-	1,082
Specialised vehicles	744,395	110,044	-	-	(67,916)	-	786,523
Water distribution	66,678	-	-	-	(15,746)	-	50,932
	74,824,397	3,310,610	(2,099,003)	1,180,349	(2,437,314)	(175,350)	74,603,689

Revaluations

Land and buildings were valued at 30 June 2010 and 30 June 2011 on the basis of willing buyer and willing seller by Suid Kaap Waardeers, a registered and independent valuator. A register is available for inspection at the Cacadu District Municipality Head Office in Govan Mbeki Avenue, Port Elizabeth, which includes the methods and significant assumptions applied in estimating the properties' fair values.

The carrying value of properties are measured at fair value as these properties were taken at fair value and not at cost. The carrying value of these properties, if measured under the cost model, could not be calculated.

Refer appendix B for more details.

CACADU DISTRICT MUNICIPALITY

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12. Property, plant and equipment (continued)

Disposals/ Transfers of Property, Plant and Equipment.

Due to the disestablishment of the DMA, all property, plant and equipment allocated to the DMA, are to be transferred to the various Local Municipalities on 1 July 2011. These assets are transferred to properties held for sale. The total value of these assets are R5 616 182. As these assets will be transferred at no cost, the total value of these assets have been impaired.

On 1 January 2011, the Primary Health Care (PHC) function has been provincialised. All PPE utilised in the operations of the PHC has been transferred to the ECDoH on 1 January 2011. These assets were transferred at no cost and had nil book values at 1 January 2011. Vehicles relating to the PHC are still in the name of the CDM as registration in the name of the ECDoH has not occurred to date. These vehicles have been transferred to assets held for sale to the value of R1 614 652. As these assets will also be transferred at no value, the cost has been impaired in full.

Assets subject to finance lease (Net carrying amount)

Specialised Plant and Equipment	30,487	35,862
<u>Finance lease assets</u>		
Cost	113,528	113,528
Accumulated depreciation	(83,041)	(77,666)
	<u>30,487</u>	<u>35,862</u>

13. Short-Term Portion of Long-Term Liabilities

The total of the present value of the future minimum lease payments at the balance sheet date for finance leases are :

- within one year	21,890	87,173
- Later than one year, but not later than five years	-	21,890
	<u>21,890</u>	<u>109,063</u>
Long-term liabilities	-	21,890
Short-term portion of long-term liabilities	21,890	87,173
	<u>21,890</u>	<u>109,063</u>

As no inherent interest rate to the contract could be determined, the incremental borrowing rate equal to the prime rate applicable at inception date was applied, and is currently repayable in monthly instalments of R7 958 per month.

The discounting rate was based on prime rate at the date of inception. All finance leases have a 0% escalation.

The contract with Sharp for a photostat machine has no renewal period and is rented month by month after the end of the contract until a 30 day notice period is given for collection.

The Gestetner and Panasonic contracts both (for photostat machines) have a 90 days' notice period for termination of the contract. The renewal policy for Gestetner is on a month to month basis and for Panasonic on an annual basis. During the year, the Gestetner contract was cancelled and a new machine was purchased in cash.

Detailed information is available on Appendix A.

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14. Deferred Income		
<u>Unspent conditional grants and receipts comprises of:</u>		
<u>Unspent conditional grants and receipts</u>		
- National Government Grants	53,478,360	101,350,595
- Provincial Grants and subsidies	29,687,863	29,545,729
- Provincial Grants and subsidies - 3rd party	3,197,934	4,633,071
	-	-
Long Term Deferred Income	86,364,157	135,529,395

A complete list of all conditions are available at the Cacadu District Municipality during office hours.

See Appendix F for a reconciliation of grants from National / Provincial Government. These amounts are fully invested until utilised.

15. Trade and other payables from exchange transactions

Trade payables	441,115	1,702,072
Sundry creditors	113,884	163,902
Accruals	3,418,616	8,204,003
Employee costs	188,715	383,371
Payments in advance - RSC levies	516	-
Payments in advance - Other	8,855	3,359
Payments in advance - DMA rates	-	53,309
Payments in Advance - DMA rates interest	-	12
Payments in Advance - Service debtors	-	4,968
Unidentified deposits	7,200	-
Accrued leave pay *	3,770,044	3,750,983
Infrastructure projects from levies	5,206,881	5,750,750
	13,155,826	20,016,709

* Not financial liabilities.

Normal terms of payment is 30 days and no amortisation was calculated.

The carrying amount of financial liabilities approximates their fair value due to their short-term nature except as detailed hereunder.

CACADU DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2011

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16. Provisions

Reconciliation of provisions - 2011

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Performance Bonus	206,994	402,582	(184,722)	(22,272)	402,582
Long service Bonus	200,562	57,693	(51,753)	(148,809)	57,693
Balance at end of year	407,556	460,275	(236,475)	(171,081)	460,275

Reconciliation of provisions - 2010

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Performance Bonus	150,716	206,994	(43,885)	(106,831)	206,994
Long service Bonus	24,856	175,706	-	-	200,562
	175,572	382,700	(43,885)	(106,831)	407,556

Performance bonus provision

Performance bonuses are calculated based on performance agreements, which are linked to key performance indicators determined in the Service Delivery and Budget Implementation Plan. Bonuses are expected to be paid during the following financial year dependent on the outcome of the performance reviews and council approval.

Long service bonus provision

Long service bonuses are calculated based on SALGA regulations. These bonuses are payable in the financial year in which the employees reach the required number of years of service.

17. Post-employment medical benefit

Provision for Post-employment medical benefit	59,174,995	54,272,472
Short-term portion of post -employment medical benefit	(3,404,628)	(3,114,384)
Total Non-Current Provisions	55,770,367	51,158,088

The District Municipality's net obligation in respect of post employment medical benefits was calculated by Arch Actuarial Consulting as at 30 June 2010 and 30 June 2011. The provision was established for the purpose of generating interest that is utilised to fund the yearly medical scheme commitments in respect of post employment medical benefits. The expected future outflows is dependent upon the life expectancy of existing members and their spouses.

101 Principle members are currently covered by the fund (2009: 117 Total members (Principle plus dependents))

Valuation method

Pre-Retirement benefit

The death in-service benefit is regarded as a post-employment liability under the requirements of IAS 19.

Post retirement benefits

CACADU DISTRICT MUNICIPALITY

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17. Post-employment medical benefit (continued)

The method of accrual that has been used in the valuation is based on the length of service at the valuation date relative to total potential service until the expected retirement date. The future service liability is the difference between the total liability and the past - service liability.

Accrued defined benefit obligation

The accrued liability is the value of the employer's share of the contribution - based liability.

Current service cost

The Current Service Cost for the following year is determined as the amount assumed to accrue to the member over the next twelve months.

Valuation assumptions:

Rate of Interest

Medical Aid Inflation Rate 7.75% p.a.

Investment Return 9.10% p.a.

The discount rate was deduced from the yield curve obtained from the bond exchange of South Africa after the market closed on 21 June 2010. This rate does not reflect any adjustment for taxation.

A Health Care inflation rate of 7.75% has been assumed. This is 1.75% in excess of expected CPI Inflation over the expected term of the liability, namely 6.00%. A larger differential would be unsustainable, eventually forcing members to less expensive options. This implies a net discount rate of 1.26%, which derives from $(9.10\% - 7.75\%) / 1.0775$.

The expected Inflation assumption of 6.00% was obtained from the differential between market yields on index - linked bonds consistent with the estimated term of the liabilities (2.46%) and those of nominal bonds (9.10%) with a risk premium adjustment for the uncertainty implicit in guaranteeing real increases (0.50%). This was therefore determined as follows: $(9.10\% - 0.50\% - 2.46\%) / 1.0246$.

The next contribution increase was assumed to occur with effect from 1 January 2012.

Mortality rates

Mortality for pre-retirement benefits has been based on the SA 85-90 mortality table rated down three years for females and on the PA (90) -1 ultimate mortality table for post retirement benefits.

Normal retirement age

The Normal Retirement Ages for the Municipality are 65 years for male employees and 60 years for female employees. An average retirement age of 63 years for male employees and 58 years for female employees has been assumed.

Family profile

It was assumed that 95% of those in-service members who remain on the health care arrangements will be married at retirement. Further, it has been assumed that in-service husbands will be four years older than their wives. For current retiree members, actual marital status was used and the potential for remarriage was ignored.

CACADU DISTRICT MUNICIPALITY

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17. Post-employment medical benefit (continued)

Changes in the present value of the defined benefit obligation are as follows:

Balance at beginning of year	54,272,472	49,830,454
Expected benefit Payments	(3,114,384)	(3,016,664)
- Current service cost - included in general expenses.	147,367	199,373
- Actuarial (Gain)/loss	3,218,610	1,564,301
- Interest costs	4,650,930	5,695,008
Closing balance	<u>59,174,995</u>	<u>54,272,472</u>

The estimated expected timing of resulting outflows of post employment medical benefits are:

Within one year	3,404,628	3,114,384
Later than one year, not later than five years	21,123,646	14,905,285
Later than five years	34,646,721	36,252,803
Total included in employee related costs	<u>59,174,995</u>	<u>54,272,472</u>

Withdrawals

Assumptions used at the reporting date:

20	10.00 %	10.00 %
25	10.00 %	10.00 %
30	7.00 %	7.00 %
35	7.00 %	7.00 %
40	3.00 %	3.00 %
45	3.00 %	3.00 %
50+	- %	- %

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17. Post-employment medical benefit (continued)

Medical aid contributions at retirement

It is assumed that 95% of the members will remain members of the medical aid scheme after retirement and that members would be in the same contribution category in all future years as on the valuation date.

The above assumptions are consistent with the assumptions used in the previous valuation done at 30 June 2011.

18. Revaluation Reserve

Land and Buildings were valued at 30 June 2010 and 30 June 2011 using the income capitalisation, comparable sales of sectional title office developments and comparable sales methods by Suid Kaap Waardeerders, a registered and independent valuator.

The revaluation surplus is reconciled as follows:

Balance at beginning of the year	60,556,453	59,376,104
Revaluation during the year	2,068,715	1,180,349
Balance at the end of the year	<u>62,625,168</u>	<u>60,556,453</u>

19. Unappropriated surplus

The unappropriated surplus is reserved for the following purpose:

General	<u>174,202,891</u>	<u>191,005,918</u>
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The cash backed portion of the unappropriated surplus is ring fenced for the following purpose:

General	127,271,522	132,718,651
Primary Health Care	42,645	8,849,651
Allowance for impairment	10,832,719	10,832,719
Restructuring grant funds allocated to surplus	15,000,000	15,000,000
	<u>153,146,886</u>	<u>167,401,021</u>

20. Financial Instruments - Financial assets by category

Financial Instruments are classified into the following categories:

Financial Assets: Loans and Receivables

Financial Liabilities: At amortised cost

The classification of financial instruments is determined at initial recognition based on the purpose for which the financial assets are acquired or liabilities assumed.

CACADU DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2011

Notes to the Annual Financial Statements

Figures in Rand	2011	2010
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20. Financial Instruments - Financial assets by category (continued)

2011

	Loans and receivables	Non financial assets	Total
Cash and Cash Equivalents	305,967,946	-	305,967,946
Deposits	25,110	-	25,110
Intangible assets	-	86,885	86,885
Investment Properties	-	14,253,500	14,253,500
Long-term Receivables	4,177	-	4,177
Other receivables from non-exchange transactions	2,432,061	-	2,432,061
Property, Plant and Equipment	-	68,444,885	68,444,885
Short-term Portion of Long-term Receivables	11,426	-	11,426
Trade and other receivables from exchange transactions	375,700	-	375,700
VAT	4,403,512	-	4,403,512
	313,219,932	82,785,270	396,005,202

2010

	Loans and receivables	Fair value through surplus or deficit - held for trading	Total
Cash and Cash Equivalents	366,704,581	-	366,704,581
Deposits	25,010	-	25,010
Intangible assets	-	86,885	86,885
Investment Properties	-	13,170,500	13,170,500
Long term receivables	21,051	-	21,051
Other receivables from non-exchange transactions	2,815,595	-	2,815,595
Property, Plant and Equipment	-	74,603,689	74,603,689
Short term portion of long term receivables	20,623	-	20,623
Trade and other receivables from exchange transactions	97,443	-	97,443
VAT	4,352,189	-	4,352,189
	374,036,492	87,861,074	461,897,566

21. Financial Instruments: Financial liabilities by category

The accounting policies for financial instruments have been applied to the line items below:

2011

	Financial liabilities at amortised cost	Non Financial Liabilities	Total
Post employment medical benefit	-	55,770,367	55,770,367
Provisions	-	460,275	460,275
Short-term portion of the post employment medical benefit	-	3,404,628	3,404,628
Short-term portion of deferred income	86,364,157	-	86,364,157
Short-term portion of long term liabilities	21,890	-	21,890
Trade and other payables	13,155,828	-	13,155,828
	99,541,875	59,635,270	159,177,145

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21. Financial Instruments: Financial liabilities by category (continued)

2010

	Financial liabilities at amortised cost	Fair value through surplus or deficit - held for trading	Total
Long term Liabilities	21,890	-	21,890
Post employment medical benefit	-	51,158,088	51,158,088
Provisions	-	407,556	407,556
Short-term portion of post employment medical benefit	-	3,114,384	3,114,384
Short-term portion of deferred income	135,529,395	-	135,529,395
Short-term portion of long term liabilities	87,173	-	87,173
Trade and other payables from exchange transactions	3,750,963	16,265,746	20,016,709
	<u>139,389,421</u>	<u>70,945,774</u>	<u>210,335,195</u>

22. Government grants and subsidies

Equitable share	69,386,566	63,645,546
Provincial subsidy - Road pensioners	3,214,049	3,232,913
Grant funding - Expenditure Reimbursement	102,981,803	213,930,089
Assets Financed from Grants	-	457,100
	<u>175,582,418</u>	<u>281,265,648</u>

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic administrative services to the DMA and Rietbron. The balance is used to supplement the municipality's revenue as discretionary income is insufficient.

DORA

Based on the allocations set out in the Division of Revenue Act, no significant changes in the level of government grant funding are expected over the previous financial periods.

Refer to appendix F for additional information.

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Figures in Rand	2011	2010
23. Total Revenue - includes		
Other revenue:		
Valuation certificates	2,974	1,673
Settlement discount received	419	4,264
Contribution from skills development fund	167,880	209,118
Sale of plans	105	-
Printing costs recovered	1,348	7,378
Infrastructure projects funded from infrastructure contingency fund	543,869	1,050,279
Insurance claims	233,182	34,185
Administration function performed	270,688	370,506
Tender deposits	42,060	16,140
Other	1,257,587	897,985
Total other Revenue	<u>2,520,112</u>	<u>2,591,528</u>
Revenue from Exchange Transactions		
Tariffs and Charges	263,394	239,970
Property Rates	366,996	174,301
Rental	1,115,413	991,168
Investment Interest	22,939,394	30,800,701
Other Interest	47,585	17,730
Income from Agency Services	32,640	29,698
Total revenue from exchange transactions (Excl VAT)	<u>24,765,422</u>	<u>32,253,568</u>
Revenue from Non Exchange Transactions		
Government Grants and Subsidies	175,582,418	281,265,649
Fair Value Gain on Revaluation of Investment Property	1,083,000	-
Reduction in provision for debt impairment	62,807	1,539,342
Other Revenue	2,520,112	2,591,528
Total revenue from non exchange transactions	<u>179,248,337</u>	<u>285,396,519</u>
Total revenue from exchange and non exchange transactions	<u>204,013,759</u>	<u>317,650,087</u>
Revenue	<u>1,745,803</u>	<u>1,405,439</u>
Other income	<u>202,267,956</u>	<u>316,244,648</u>
Total revenue from exchange and non exchange transactions	<u>204,013,759</u>	<u>317,650,087</u>

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Notes to the Annual Financial Statements

Figures in Rand	2011	2010
24. Employee costs		
Basic	31,528,000	30,446,175
	31,528,000	30,446,175
Remuneration of Councillors (Refer Note 25)	4,564,721	4,538,969
Total Employee Costs	36,092,721	34,985,144
Set out below are the details for remuneration for Directorate Heads:		
<u>Remuneration of Municipal Manager</u>		
Annual Remuneration	835,619	762,123
Car Allowance	156,000	156,000
Performance Bonuses	63,489	-
	1,055,108	918,123
<u>Remuneration of the Director Finance and Corporate Services</u>		
Annual Remuneration	721,293	672,379
Car Allowance	144,000	144,000
Performance Bonuses	56,575	43,885
	921,868	860,264
<u>Remuneration of the Director Health Services (8 months)</u>		
Annual Remuneration	592,933	740,441
Car Allowance	64,000	96,000
Performance Bonuses	64,658	-
	721,591	836,441
<u>Remuneration of the Director Infrastructure Services and Planning (9 months)</u>		
Annual Remuneration	703,354	705,856
Car Allowance	75,000	100,000
Performance Bonuses	64,658	-
	843,012	805,856
<u>Remuneration of the Acting Director Infrastructure Services and Planning (3 months)</u>		
Annual Remuneration	172,413	-
Car Allowance	17,496	-
	189,909	-
<u>Remuneration of the Director Economic Development (1 month)</u>		
Annual Remuneration	27,578	677,857
Car Allowance	5,507	140,004
	33,085	817,861
<u>Remuneration of the Acting Director Economic Development (11 months)</u>		
Annual Remuneration	448,479	-
Car Allowance	69,985	-
	518,464	-

CACADU DISTRICT MUNICIPALITY

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Figures in Rand	2011	2010
25. Remuneration of councillors		
Mayoral Committee Members	2,904,218	2,892,253
Speaker	497,236	483,326
Councillors	1,163,267	1,163,390
	<u>4,564,721</u>	<u>4,538,969</u>
<u>In-kind benefits</u>		
The Executive Mayor and the Mayoral Committee Members are full time and are provided with offices and secretarial support at the cost of the Council.		
The Executive Mayor has use of a Council owned vehicle for official duties.		
26. Finance costs		
Finance leases	<u>8,320</u>	<u>109,968</u>
During the financial period, one of the lease agreements ended and the rental machine was replaced with a machine that the municipality bought outright.		
Refer to note 26 for more information.		
27. Bulk purchases		
Water purchases - DMA	<u>6,310</u>	<u>12,621</u>
A project in the former DMA area was concluded which resulted in the decrease of water purchases. No more water purchases for this area will occur.		
28. Conditional Grants Expenditure and other Grants and Subsidies paid		
<u>Disclosed in the statement of Financial performance</u>		
Under Conditional Grant expenditure	100,179,886	211,688,220
Under Salaries and Wages	870,796	500,665
Under General Expenses	44,348	31,093
Under Salaries maintenance and general (Disaster management operating expenses)	1,000,000	1,000,000
Total Conditional Grants and Subsidies paid	<u>102,095,030</u>	<u>213,219,978</u>
<u>Other grants and subsidies paid</u>		
Sundries	2,156,906	3,288,033
Koukamma flood damage interest	1,330,497	4,515,061
Kouga Development Agency (KDA)	864,000	800,000
Environmental Health Subsidies	6,442,150	5,857,552
Total Other Grants and Subsidies paid	<u>10,793,553</u>	<u>14,460,646</u>

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29. Restatement of prior year figures		
<u>Adjustments to surplus opening balance 2010:</u>		
Depreciation adjustments	(510,118)	
Employee Costs Adjusted	(18,183)	
Grant expenditure Adjusted	240,764	
Other income adjusted	(9,833)	
	<u>(297,370)</u>	
<u>Adjustments to Balance Sheet</u>		
Cash and cash equivalents	(2,000)	
Property Plant and Equipment	(510,118)	
	<u>(512,118)</u>	
<u>Adjustments to surplus opening balance 2009:</u>		
Depreciation adjustments	(582,107)	
General expenses - VAT correction	324,649	
	<u>(257,458)</u>	
<u>Adjustments to Balance Sheet</u>		
Property Plant and Equipment	2,538,127	
Investment Property	243,000	
VAT	324,649	
	<u>3,105,776</u>	
<u>During the year under review it was discovered that:</u>		
<u>Adjustments relating to 2010</u>		
Other income: RSC Levy Income net adjustment: All income relates to prior periods as levies have been abolished	14,755	
Other income: Income adjustment: Receipt of prior year private telephone calls	154	
General expenditure: DWAF - Water purchases (May 2010 and June 2010 account received late for payment)	(494)	
Other income: Refund - Income incorrectly received, which was refunded to payees and relates to prior year	(24,588)	
General Expenses: AFROX account received in current year, which relates to the previous financial year	(8,005)	
General Expenses: National Health Laboratory Services account received in the current year which relates to the previous financial year	(80,996)	
Employee cost: Council share of pension relating to previous financial year, paid in current financial year	(18,183)	
General Expenses: Mayors credit card paid via debit order, cheque cancelled in current year.	5,455	
Depreciation correction: Depreciation on Health vehicle incorrectly calculated and corrected	(510,118)	
General Expenses: Rietbron petty cash float expensed	(2,000)	
	<u>(622,020)</u>	
<u>Adjustments relating to 2009:</u>		
Depreciation correction: Depreciation on assets not previously capitalised, and capitalised subsequently	(582,107)	
General Expenses: VAT audit result - additional VAT claimed on expenditure not previously claimed - decrease expenditure	324,649	
	<u>(257,458)</u>	

CACADU DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2011

Notes to the Annual Financial Statements

Figures in Rand	2011	2010
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29. Restatement of prior year figures (continued)

Changes affecting the Balance Sheet:

Adjustments affecting 2010:

Cash and cash equivalents - petty cash for Rietbron written back	(2,000)
Property Plant and Equipment - Accumulated depreciation - assets previously not capitalised, now capitalised and depreciation recalculated.	(510,118)
	<u>(512,118)</u>

Adjustments affecting 2009:

Property Plant and Equipment - Asset items previously not recorded on fixed asset register, now reflected as additions dating back to 2009.	1,956,020
Property Plant and Equipment - Accumulated depreciation on health vehicles - recalculation of depreciation on health vehicles incorrectly calculated in previous years.	582,107
Investment properties - Properties previously not recorded on fixed asset register, now reflected as additions dating back to 2009.	243,000
VAT - Correction Max Prof input tax i.r.o. prior tax periods not claimed	324,649
	<u>3,105,776</u>

CACADU DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2011

Notes to the Annual Financial Statements

Figures in Rand	2011	2010
29. Restatement of prior year figures (continued)		
	Restated 2010	As previously stated 2010
Revenue		
Rental	991,168	991,168
Investment Interest	30,818,431	30,818,431
Income from agency services	29,698	29,698
Government Grants and Subsidies	281,265,648	281,265,649
Tariffs and charges	239,970	239,970
Property Rates	174,301	174,301
Other Revenue	2,591,528	2,601,361
Reduction in provision for debt impairment	1,539,342	1,539,342
	317,650,086	317,659,920
Expenses		
Employee Related costs	34,985,144	34,966,961
Actuarial loss on post employment medical benefit	1,564,301	1,564,301
Fair value adjustment	712,500	712,500
Collection costs	25,449	25,449
Depreciation	2,437,313	1,927,195
Repairs and maintenance	952,239	952,239
Finance costs	109,968	109,968
Bulk Services	12,621	12,621
Contracted services	3,173,393	3,173,393
Conditional Grant Expenditure	211,688,220	211,688,220
Other Grants and Subsidies paid	14,460,646	9,945,586
General Expenses - other	51,535,454	56,291,279
Discounting of post retirement benefit obligation	5,695,008	5,695,008
Loss on disposal of property, plant and equipment	2,099,003	2,099,003
Impairment loss	175,351	175,351
	329,626,610	329,339,074
Deficit for the year	(11,976,524)	(11,679,154)

CACADU DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2011

Notes to the Annual Financial Statements

Figures in Rand	2011	2010
29. Restatement of prior year figures (continued)		
	Restated 2010	As previously stated 2010
Assets		
Current Assets		
Short term portions of long-term receivables	20,623	20,623
Trade and other receivables from exchange transactions	97,443	97,442
Trade and other receivables from non exchange transactions	2,815,595	2,815,595
VAT	4,352,189	4,352,189
Deposits paid	25,010	25,010
Cash and cash equivalents	<u>366,704,581</u>	<u>366,706,581</u>
	<u>374,015,441</u>	<u>374,017,440</u>
Non-Current Assets		
Property plant and equipment	74,603,689	72,575,680
Long term receivables	21,051	21,051
Investment Property	13,170,500	12,927,500
Intangible assets	<u>86,885</u>	<u>86,885</u>
	<u>87,882,125</u>	<u>85,611,116</u>
Total Assets	<u>461,897,588</u>	<u>459,628,558</u>
Liabilities		
Short-Term Portion of Long-Term Liabilities	87,173	87,173
Deferred Income	135,529,395	135,529,394
Trade and other payables from exchange transactions	20,018,709	20,016,709
Provisions	407,556	407,558
Short term portion of medical aid benefit	<u>3,114,384</u>	<u>3,114,384</u>
	<u>159,155,217</u>	<u>159,155,216</u>
Non-Current Liabilities		
Long-term liabilities	21,890	21,890
Short-term portion of post-employment medical benefit	<u>51,158,088</u>	<u>51,158,088</u>
	<u>51,179,978</u>	<u>51,179,978</u>
Total Liabilities	<u>210,335,195</u>	<u>210,335,194</u>
Total assets less liabilities	<u>251,562,371</u>	<u>249,293,362</u>
Revaluation reserve	60,556,453	60,556,453
Unappropriated surplus	<u>191,005,918</u>	<u>188,736,909</u>
Total Net Assets	<u>251,562,371</u>	<u>249,293,362</u>

CACADU DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2011

Notes to the Annual Financial Statements

Figures in Rand	2011	2010
30. Cash used in operations		
Deficit	(13,503,279)	(11,976,524)
<u>Adjustments for:</u>		
Depreciation	2,539,655	2,437,313
Loss on Disposal of property, plant and equipment	-	2,099,003
Property Plant and Equipment reclassified as held for sale and subsequently impaired	(7,230,827)	-
Bad debts written off	(99,293)	-
Fair value adjustments	(1,083,000)	712,500
Discounting of Post Employment Medical Benefit Obligation	4,650,930	5,695,008
Loss on Actuarial valuation for post employment medical benefits	3,218,610	1,564,300
Contributions to provisions	52,719	58,017
Impairment deficit	7,672,680	175,351
Service cost	147,367	199,372
Prior year corrections	2,812,437	2,551,276
<u>Changes in working capital:</u>		
Trade and other receivables	(278,258)	196,329
Other receivables from non-exchange transactions	383,534	(1,298,192)
Trade and other payables from exchange transactions	(6,860,883)	(2,474,682)
VAT	(51,323)	14,221,483
Deferred Income	(49,165,238)	(57,053,695)
Direct transfer from Primary Health Care Surplus	(1,896,461)	4,115,126
Prior year correction - Purchases of assets from own funding	-	(1,140,853)
	<u>(58,690,630)</u>	<u>(39,918,888)</u>

31. Finance Leases Reconciliation

Cacadu District Municipality has external loans in the form of finance leases. Refer to Appendix A

32. Contingent Liability

A possible liability exists in respect of an obligation in terms of a development and construction contract. The pleadings in the case have not yet closed.	476,632	476,632
A possible liability exists in respect of damages claimed for the loss of insurance payouts by a former employee due to late submission of claim documents.	268,320	268,320
A possible liability exists in respect of damages claimed for the damage caused by a fire truck that collided with a train.	272,665	272,665
	<u>1,017,617</u>	<u>1,017,617</u>

33. Contingent Assets

A possible asset exists in respect of a claim in terms of defective workmanship and overpayment for work done.	<u>2,000,000</u>	<u>2,000,000</u>
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CACADU DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2011

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34. Unauthorised, Irregular, fruitless and wasteful expenditure

Unauthorised expenditure

No unauthorised expenditure was incurred in the current and previous financial years.

Irregular, fruitless and wasteful expenditure

No irregular, fruitless or wasteful expenditure was incurred in the current and previous financial years.

35. Additional disclosure in terms of Municipal Finance Management Act

Contributions to SALGA

Council subscription	260,292	249,094
Amount paid - current year	(260,292)	(249,094)
Balance unpaid (included in creditors)	-	-

External Audit fees

Current year audit fee	2,143,626	1,592,452
Audit Planning fees for 2011/2012	296,821	-
Amount paid - current year	(2,440,447)	(1,592,452)
Balance due (included in debtors)	-	-

PAYE and UIF

Opening balance	2,000	362
Current year payroll deductions	8,660,904	9,414,090
Amount paid - current year	(8,660,904)	(9,412,090)
Amount paid - previous years	(2,000)	(362)
	-	2,000

Pension and Medical Aid Deductions

Opening balance	-	(50,491)
Current year payroll deductions and Council Contributions	3,759,022	2,109,576
Amount paid - current year	(3,759,022)	(2,109,576)
Amount paid - previous years	-	50,491
	-	-

36. Capital Commitments

No capital commitments existed during the year.

37. Post Employment Benefit Information

Post Employment Medical Benefit

Provision is made for post employment medical benefits in the form of health care plans for eligible employees and pensioners.

Retirement Fund Benefits

Employees and Council contribute to the Cape Joint Retirement Funds on the basis of a fixed contribution, which is charged against income as incurred.

CACADU DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2011

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38. In-kind donations and assistance

No donations have occurred in the current year.

39. Primary Health Care Services

The District Municipality provides Primary Health Care services on behalf of the Eastern Cape Health department. During the previous financial year the council has resolved to terminate the agreement. The process has been finalised in January 2011.

40. Risk management

Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Stringent cash management procedures are in place. These include cash flow forecasting.

A sensitivity analysis has not been performed and included as the municipality is not exposed to foreign exchange risk or interest rate risk. The municipality does not enter into any foreign exchange transactions and since the municipality effect payment on presentation of invoice, no interest rate charges are applicable. It would thus be misleading to provide a sensitivity analysis.

The following table details the municipality's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the entity can be required to pay. The table includes both estimated interest and principal cash flows.

At June 30, 2011	1-3 months	> 3 months	Between 2 and 5 years	Over 5 years
Trade and other payables	11,429,331	-	-	-
Other Payables	-	88,375,581	-	-
At June 30, 2010	1-3 months	> 3 months	Between 2 and 5 years	Over 5 years
Trade and other payables	9,378,560	-	-	-
Other Payables	-	140,271,399	-	-

Interest rate risk

The current account and the call account expose the municipality to cash flow interest rate risk. Deposits attract interest at a rate that varies according to the prime banking rate.

The municipality manages this interest rate risk by ensuring that all surplus funds are invested in fixed rate instruments and by maintaining the minimum possible balance in the current account.

The interest rates on the fixed deposits are fixed, but varies from investment to investment.

Should the prime rate vary by 1% either direction, the effect on the cash balance would be R3.5 million in each way.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and debtors. The municipality only deposits cash with banks which have an equity above R10 billion with a good credit rating.

CACADU DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2011

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40. Risk management (continued)

The most significant concentration of credit risk is the outstanding RSC levy and Department of Housing (Housing Scheme) receivables.

Management believes that the Allowance for impairment adequately addresses the credit risk involved.

41. Actual operating expenditure versus budgeted operating expenditure

Refer to Appendix E(1) for the comparison of actual operating expenditure versus budgeted expenditure.

42. Actual capital expenditure versus budgeted capital expenditure

Refer to Appendix E(2) for the comparison of actual capital expenditure versus budgeted expenditure.

43. Events after the reporting date

Nona

44. Compliance with chapter 11 of the Municipal Finance Management Act

The Municipality has adopted a Supply Chain Management policy with effect from 1 January 2006 in accordance with the Act and applicable regulations. However, the Municipality has experienced difficulties in populating a comprehensive supplier database which is due to a poor response from potential suppliers. As a result the application of the regulations has not been fully implemented.

45. Related parties

Kouga Development Agency

The Kouga Development Agency (KDA) was established as a multi-jurisdictional service utility in terms of the Local Government Systems Act, 2000 in 2004 in a joint venture between the Cacadu District Municipality and the Kouga Local Municipality.

KDA, funded by the parent municipalities and the Industrial Development Corporation, aims to leverage public and private resources for development around opportunities which offer investment, employment, economic and development potential in the Kouga area.

CDM has made a contribution of R964 000 during the current financial year (2010: R800 000) towards the operating costs of KDA.

A decision has been taken by the council of CDM and Kouga Local Municipalities to disestablish the KDA and to form a District Development Agency. The process of winding down and establishment of the District Development Agency is assumed to be finalised before the end of the next financial year.

No other transaction was entered into with KDA.

Post retirement medical aid benefit plan

The municipality, as part of the conditions of service of employees, keeps on contributing its portion of the contributing members to medical aid funds at the retirement of these employees for as long as this member is alive and contributing his or her portion.

CACADU DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2011

Notes to the Annual Financial Statements

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45. Business combinations (continued)

The medical aid schemes involved are as follows:

- Bonitas
- Hosmed/ Key Health
- LA Health
- Samwumed

Transactions with these schemes amounted to R1 945 638 (2010: R1 873 748)

Councillors and employees

Councillors and employees have declared no interest or gain in or from any transaction entered into with CDM by any organisation or business.

The following interests in institutions have been declared, but no transactions have been entered into:

Staff Member/ Councillor	Entity Number	Entity Name
Mr Pillay	1996/015970/08	PE Regional Chamber of Commerce (Article 21 Company)
Mr and Mrs de Lange	2008/228399/23	Humerail Bed and Breakfast CC

Key management personnel

The following are persons having authority and responsibility for planning, directing and controlling the activities of the municipality, directly or indirectly, including any director of Cacadu District Municipality:

Executive Mayor
Speaker
Mayoral Committee members
Councillors
Municipal Manager
Director: Infrastructure Services and Planning
Director: Economic Development
Director: Finance and Corporate Services
Acting Director: Infrastructure Services and Planning
Acting Director: Economic Development

46. Key sources of estimated uncertainties

There are no key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities within the next financial year.

47. Significant estimates and judgements

The preparation of CDM's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Judgements

CACADU DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2011

Notes to the Annual Financial Statements

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47. Significant estimates and judgements (continued)

In the process of applying the municipality's accounting policies, management has made the following judgement, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements

Bridging funding for housing projects is judged to be virtually irrecoverable from the Department of Provincial Housing due to problems locating and obtaining "happy letters" from participants in these projects. The amount of R 9,231,380 (2010: R 9,225,234) was included in the provision for bad debts.

RSC levy debtors are judged to be 100 % irrecoverable due to legislative problems in recovering the outstanding amounts and the abolition of the Act. Therefore provision was made for R 1,156,204, (2010: R 1,192,178) on the allowance for doubtful debts.

Due to the disestablishment of the DMA, Rietbron is incorporated with Baviaans Local Municipality. All related services accounts will be transferred on the 1 July 2011. It is judged that service receivables from Rietbron are virtually irrecoverable due to the unemployment and poverty of the community. R 689,387 (2010: R 416,787) was provided for and transferred to the Baviaans Local Municipality's debtor account. Other relevant balances relating to the former DMA have been transferred to the various local municipalities in whose jurisdiction they fall. (Refer note 5)

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Post Employment Medical Benefit

The cost of post employment medical benefit is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, medical aid inflation rate, future salary increases, mortality rates and future medical aid premiums, future subsidies payable to dependants, working life time of employees, gender and spouse assumptions and child dependence and withdrawals. Such estimates are subject to significant uncertainty relating actuarial assumptions. The net employee liability at 30 June 2011 is R 59,174,995 (2010: R 54,272,471). Further details are given in Note 17

The effective interest rate for discounting was estimated at 0.5% below prime.

Useful lives

The estimates and associated assumptions are based on the historical experience and management's estimation of conditions. Limited changes were made to the useful lives of property, plant and equipment, as management mainly assessed that the estimated useful lives in the prior years, are still appropriate.

Residual values

Residual values of property, plant and equipment are based on the nature of the assets, quotes obtained from suppliers and management's estimation of condition. No changes were made to the useful lives of property, plant and equipment, as management assessed that the estimated residual values determined in the prior year, remained appropriate.

Trading derivatives are classified as a current asset or liability. The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months and, as a current asset or liability, if the maturity of the hedged item is less than 12 months.

CACADU DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2011

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48. Standards of GRAP issued but not yet effective

The following standards have been issued but are not yet effective:

GRAP 18:	Segment reporting
GRAP 21:	Impairment of non cash generating assets
GRAP 23:	Revenue from Non exchange transactions (Taxes and Transfers)
GRAP 24:	Presentation of budget information in the financial statements
GRAP 25:	Employee Benefits
GRAP 26:	Impairment of cash generating assets
GRAP 103:	Heritage assets
GRAP 104:	Financial Instruments
GRAP 105:	Transfer of functions between entities under common control
GRAP 106:	Transfer of functions between entities not under common control
GRAP 107:	Mergers

GRAP 18: Segment reporting

As CDM is mainly in a supporting function to the municipalities within its jurisdiction the application of this standard is not expected to have a major impact on the accounting procedures and disclosures.

GRAP 21: Impairment of non cash generating assets

A major portion of CDM's assets are non cash generating of nature and application of this standard will have an effect on the presentation of assets. But as there are no real major changes to applying IPSAS 21 the impact is not anticipated to be severe.

GRAP 23: Revenue from Non exchange transactions (Taxes and Transfers)

A major portion of CDM's revenue consists of grants (transfers) and the principles of this standard has been practically adopted and applied as far as it relates to grants. No problems are anticipated when introducing this standard.

GRAP 24: Presentation of budget information in the financial statements

The effect on the financial statements of introducing this standard do not seem to be serious as most of the principles in the standard is already applied or the information readily available.

GRAP 25: Employee Benefits

The effect on the financial statements of introducing this standard do not seem to be serious as most of the principles in the standard is already applied or the information readily available.

GRAP 26: Impairment of cash generating assets

The biggest problem here would seem to be the identification of such assets as the definition differs from IAS 36 and GRAP 26. The application does not differ greatly from IAS 36.

GRAP 103: Heritage assets

Currently no heritage assets were identified for CDM.

GRAP 104: Financial Instruments

The effect on the financial statements of introducing this standard do not seem to be serious as most of the principles in the standard is already applied or the information readily available.

SCHEDULE OF EXTERNAL LOANS AS AT WEDNESDAY, JUNE 30, 2010

Loan Number	Redeemable	Balance at Wednesday, June 30, 2010		Finance charges for the year		Payments received		Balance at Thursday, June 30, 2011		Net book value of assets under finance leases		Short term portion		Present value of future min. payments - without 2 - 5 years)	
		Rand		Rand		Rand		Rand		Rand		Rand		Rand	
1	10/31/2010	55,880		3,385		59,265		-		-		-		-	
2	4/30/2012	15,430		2,990		3,946		14,474		30,486		14,474		-	
3	9/30/2011	9,157		863		7,562		2,458		-		2,458		-	
4	2/28/2012	6,706		1,082		2,832		4,956		-		4,956		-	
		87,173		8,320		73,605		21,888		30,486		21,888		-	

FINANCE LEASES

Photostat Machine - Gestetner
 Photostat Machine - Panasonic
 Photostat Machine - Panasonic
 Photostat Machine - Sharp

CACADU DISTRICT MUNICIPALITY
APPENDIX B

June 2011

ANALYSIS OF PROPERTY PLANT AND EQUIPMENT, INVESTMENT PROPERTIES AND INTANGIBLE ASSETS AS AT 30 JUNE 2011
Cost/Rovaluation

Accumulated Depreciation

	Opening Balance Rand	Revaluations Rand	Additions Rand	Disposals/ transfers Rand	NCAHFS Rand	Closing Balance Rand	Opening Balance Rand	Depreciation Rand	Depr on sale Rand	Impairment Rand	NCAHFS Rand	Closing Balance Rand	Carrying Value Rand
Land													
Investment Property	12,445,000	1,127,500		-	-	13,572,500		-	-	-	-	-	13,572,500
PPE	38,537,600	2,794,000		-	2,984,600	38,347,000		-	-	-	-	-	38,347,000
Buildings													
Investment Property	725,500	-44,500		-	-	681,000		-	-	-	-	-	681,000
PPE	24,250,785	-725,285		-	1,264,500	22,261,000		-	-	-	-	-	22,261,000
Furniture and Fixtures													
PPE	1,781,207		221,545	-	102,643	1,900,109	483,000	155,080	-	-56,098	59,722	634,407	1,265,702
Specialised Vehicles													
PPE	1,121,351			-	627,339	494,013	334,829	103,635	-	-26,108	136,611	327,961	166,052
Office Equipment													
PPE	919,079		28,938	-	34,497	913,520	385,478	86,281	-	-70,813	15,457	527,115	386,405
Computer Equipment													
Intangible Asset	86,885			-	-	86,885		-	-	-	-	-	86,885
PPE	3,657,842		389,538	-	96,031	3,951,343	2,725,105	248,239	-	-129,574	94,303	3,008,615	942,733
Electricity Infrastructure													
PPE	280,254			-	280,254	-0	197,077	22,841	-	-	219,918	-	-0
Bins and Containers													
PPE	10,820			-	-	10,820	9,738	-	-	-	-	9,738	1,082
Motor Vehicles													
PPE - CDM - H/O	7,615,760		1,124,777	-	1,080,174	7,660,363	3,028,265	793,095	-	-76,982	364,683	3,533,658	4,126,704
PPE - CDM - Health	8,034,060			-	317,402	7,165,912	5,207,275	951,074	64,350	-	5,551,259	542,740	8,005
Water Distribution													
PPE	162,893			-	-	162,893	111,962	15,746	-	-	127,708	-	-
Specialised Plant and Machinery													
PPE	2,222,295		473,070	-	12,750	2,682,615	1,507,531	163,709	-	-82,270	11,097	1,742,413	940,202

CACADU DISTRICT MUNICIPALITY
APPENDIX B
June 2011

ANALYSIS OF PROPERTY PLANT AND EQUIPMENT, INVESTMENT PROPERTIES AND INTANGIBLE ASSETS AS AT 30 JUNE 2011
Cost/Revaluation Accumulated Depreciation

	Opening Balance Rand	Revaluations Rand	Additions Rand	Disposals/ transfers Rand	NCAHFS Rand	Closing Balance Rand	Opening Balance Rand	Depreciation Rand	Depr on sale Rand	Impairment Rand	NCAHFS Rand	Closing Balance Rand	Carrying Value Rand
Land	50,982,600	3,921,500	-	-	-	51,919,500	-	-	-	-	-	-	51,919,500
Buildings	24,976,285	-769,785	-	-	-	22,942,000	-	-	-	-	-	-	22,942,000
Furniture and fittings	1,781,207	-	221,545	-	-	1,900,109	483,000	155,030	-	-56,098	59,722	634,407	1,265,702
Specialised vehicles	1,121,351	-	-	-	-	494,013	334,829	103,635	-	-26,108	136,611	327,961	166,052
Office equipment	919,079	-	28,938	-	-	913,520	385,478	86,281	-	-70,813	15,457	527,115	386,405
Computer equipment	3,744,727	-	389,538	-	-	4,038,233	2,725,105	248,239	-	-129,574	94,303	3,008,615	1,029,618
Electricity infrastructure	280,254	-	-	-	-	-0	197,077	22,841	-	-	219,918	-	-0
Bins and containers	10,820	-	-	-	-	10,820	9,738	-	-	-	-	9,738	1,082
Motor vehicles	15,649,820	-	1,124,777	317,402	-	8,211,108	8,235,540	1,744,169	64,350	-76,982	5,915,942	4,076,399	4,134,709
Water Distribution	162,893	-	-	-	-	-	111,962	15,746	-	-	127,708	-	-
Specialised Plant and machinery	2,222,295	-	473,070	-	-	2,682,615	1,507,531	163,709	-	-82,270	11,097	1,742,413	940,202
Total	101,851,333	3,151,715	2,237,867	317,402	13,811,593	93,111,919	13,990,261	2,539,652	64,350	-441,845	6,580,758	10,336,649	82,785,270

CACADU DISTRICT MUNICIPALITY

APPENDIX C

June 2011

SEGMENTAL ANALYSIS OF PROPERTY PLANT AND EQUIPMENT, INVESTMENT PROPERTY AND INTANGIBLE ASSETS AS AT 30 JUNE 2011

	Cost / Revaluations										Accumulated Depreciation									
	Revaluation		Additions		Impairment		Disposals		NCAHFS		Closing Balance		Opening Balance		Depreciation		Impairment		NCAHFS	
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	30 June 2011	01 July 2010	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Opening Balance	01 July 2010										30 June 2011	01 July 2010								30 June 2011
	Rand										Rand	Rand								Rand
Electricity	265,254	-	-	-	-	-	-	-	265,254	-	-	182,505	24,663	-	207,168	-	-	-	-	-
Executive and Council	3,026,499	-	589,651	-	-	-	-	-	1,309,612	-	2,306,537	1,422,714	372,098	-71,759	11,613	-	1,854,959	-	451,578	-
Finance and Admin	82,671,231	3,151,715	125,687,837	-	-	-	-	-	4,508,523	-	82,571,301	3,318,148	527,841	-201,447	353,897	-	3,693,539	-	78,877,762	-
Health	8,034,060	-	-	-	-	-	317,402	-	7,165,912	-	550,745	5,207,275	951,074	-	5,551,259	64,350	542,740	-	8,005	-
Housing	58,474	-	-	-	-	-	-	-	-	-	58,474	45,169	1,862	-904	-	-	47,936	-	10,538	-
Planning and Development	2,786,939	-	272,523	-	-	-	-	-	166,886	-	2,992,776	1,650,820	216,421	-55,344	143,424	-	1,779,161	-	1,113,615	-
Public Safety	4,566,101	-	117,334	-	-	-	-	-	13,712	-	4,669,723	1,837,882	424,300	-111,961	11,937	-	2,362,206	-	2,307,516	-
Roads	263,404	-	-	-	-	-	-	-	218,501	-	44,903	199,595	5,104	-	173,253	-	31,446	-	13,457	-
Water	179,373	-	1,480	-	-	-	-	-	163,393	-	17,460	126,151	16,286	-431	128,207	-	14,661	-	2,799	-
Total	101,851,333	3,151,715	2,237,867	-	-	-	317,402	-	13,811,593	-	93,111,920	13,990,261	2,539,652	-441,846	6,580,758	64,350	10,326,649	-	82,785,270	-

CACADU DISTRICT MUNICIPALITY APPENDIX D

June 2011

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2011

2010	2010	2010		2011	2011	2011
Actual	Actual	Surplus/ (Deficit)		Actual	Actual	Surplus/ (Deficit)
Income	Expenditure	Rand		Income	Expenditure	Rand
Rand	Rand			Rand	Rand	Rand
178,898	33,238,190	(33,059,292)	Executive and Council	6,984,097	35,189,810.42	(28,205,713)
102,894,339	28,330,068	74,564,271	Finance and Administration	97,048,911	30,360,888	66,688,023
16,342,840	29,349,658	(13,006,818)	Planning and Development	7,659,450	28,376,340	(20,716,889)
36,897,527	45,519,209	(8,621,682)	Health	479,677	10,960,354	(10,480,676)
15,553	80,734	(65,181)	Community and Social services	1,807,778	1,807,942	(164)
1,210,220	2,896,938	(1,686,718)	Housing	1,151,309	1,151,254	55
5,156,758	10,625,630	(5,468,872)	Public safety	4,150,767	13,874,874	(9,724,106)
1,057,418	2,169,724	(1,112,306)	Sport and Recreation	-	670,322	(670,322)
96,060	7,646	88,414	Waste Management	119,124	8,543	110,581
142,729,228	147,933,299	(5,204,071)	Road Transport	42,166,240	45,087,111	(2,920,871)
9,664,514	15,283,540	(5,619,026)	Water	19,948,834	24,265,577	(4,316,743)
54,221	4,854,077	(4,799,856)	Electricity	-	68,936	(68,936)
1,352,510	9,337,897	(7,985,387)	Other	-	3,197,518	(3,197,518)
317,650,086	329,626,610	(11,976,524)	Total	181,516,189	195,019,468	(13,503,279)

CACADU DISTRICT MUNICIPALITY
APPENDIX E(1)

June 2010

ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2010

	Current year 2010		Prior year 2009		Variance		Current year 2010		Variance 2010		Variance	
	Actual June Rand	366,996	Actual June Rand	174,301	Actual	111%	CDM June Rand	Budget June Rand	Budget vs Actual June Rand	Budget vs Actual	%	
Revenue												
Property rates	1,115,413	991,168	991,168	174,301	111%		364,671	2,325	147,413	15%	n/a	General inflationary increase in rental as per agreement
Rental income	263,394	239,970	239,970	23,424	10%		260,600	2,794	2,794	1%	N/A	
Tariffs and charges	175,582,418	281,265,648	281,265,648	105,683,230	-38%		227,389,168	(51,786,750)	(51,786,750)	-23%		Directly related to under expenditure on projects
Government grants and subsidies	177,328,221	282,671,087	282,671,087	104,342,866	-38%		228,962,439	(51,634,218)	(51,634,218)			
Other Income												
Other income	2,615,560	4,160,567	4,160,567	1,545,007	-37%		39,339,008	(36,723,448)	(36,723,448)	-93%		Contribution from surplus not utilised - balanced and funded budget
Interest received - investment	22,986,979	30,818,431	30,818,431	7,831,452	-25%		24,864,622	(1,877,643)	(1,877,643)	-8%		Lower than expected interest rates and lower investment portfolio
Expenses												
Employee related costs	(36,092,721)	(34,985,143)	(34,985,143)	1,107,578	3%		(47,579,890)	11,487,169	11,487,169	-24%		All positions on organogram are budgeted for, but not all positions are filled
Depreciation	(2,539,655)	(2,437,313)	(2,437,313)	102,342	4%		(1,489,000)	(1,050,655)	(1,050,655)	71%		FAR updated and corrected resulting in increase of assets not previously on FAR now included.
Repairs and maintenance	(1,034,981)	(952,239)	(952,239)	82,742	9%		(1,743,200)	708,219	708,219	-41%		Contributions from surplus not fully utilised
Finance costs	(8,320)	(109,968)	(109,968)	101,648	-92%		-	(8,320)	(8,320)	100%		Leases are finance leases treated as operating leases for budget purposes.
Bulk purchases	(6,310)	(12,621)	(12,621)	6,311	-50%		(15,000)	8,690	8,690	-58%		Project completed thus lower purchases required
Conditional Grant Expenditure	(100,179,886)	(211,688,220)	(211,688,220)	111,508,334	-53%		(152,726,492)	52,546,606	52,546,606	-34%		Lower expenditure on projects than expected
General expenses	(69,982,485)	(76,454,252)	(76,454,252)	6,471,767	-8%		(89,612,487)	19,630,002	19,630,002	-22%		Contribution from surplus not fully utilised
Impairments	(7,672,680)	(175,351)	(175,351)	7,497,329	4276%		-	(7,672,680)	(7,672,680)	100%		Impairment considered at year end as part of accounting year end entries and thus not budgeted for
Loss on donations and transfers of property, plant and equipment	-	(2,099,003)	(2,099,003)	2,099,003	-100%		-	-	-	100%		Transnet houses transferred in bulk that was long outstanding
Fair value adjustments	1,083,000	(712,500)	(712,500)	1,795,500	-100%		-	1,083,000	1,083,000	100%		Valuations done at year end and accounting year end entries are not considered during budget period
Net surplus/ (deficit) for the year	(216,434,038)	(329,626,610)	(329,626,610)	113,192,572			(293,166,069)	76,732,031	76,732,031			
	(13,503,278)	(11,976,525)	(11,976,525)	1,526,753			-	(13,503,278)	(13,503,278)			

CACADU DISTRICT MUNICIPALITY

APPENDIX E(2)

June 2011

ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTY AND INTANGIBLE ASSETS) FOR THE YEAR ENDED 30 JUNE 2011

	2011 Total Additions Rand	2011 Budget Rand	2011 Variance Rand	2011 Variance %	Explanation of Significant Variances Greater than 5% versus Budget
OTHER ASSETS					
Land	-	-	-	-	
Land	-	-	-	-	
Computer Hardware					
Computer equipment	389,538	496,672	107,134	21.57	Laptops were provided for on the budget but were bought in August 2011 due to timing of filling of vacancies.
	389,538	496,672	107,134	21.57	
Chairs	17,717	48,750	31,033	63.66	Chairs for rest room were not purchased.
Tables/Desks	37,211	109,296	72,085	65.95	Tables for rest room and an Executive desk were not purchased.
Miscellaneous	166,616	167,000	384	0.23	
Furniture and fittings	221,544	325,046	103,502	31.84	
Motor Vehicles	1,124,777	2,646,471	1,521,694	57.50	Two double-cab vehicles were not purchased. Tender amounts of vehicles were below budgeted amounts.
Motor vehicle	1,124,777	2,646,471	1,521,694	57.50	
Office Machines	28,938	149,319	120,381	80.62	Air conditioners were not replaced during the year.
Office equipment	28,938	149,319	120,381	80.62	
Fire Maintenance					Purchases were made for items not classified as assets and were therefore expensed. Quotations for emergency lighting were received but not completed during the year. The tender amount for the Specialised printer for printing room were less than budgeted for.
Specialised plant and equipment	473,070	3,470,000	2,996,930	86.37	
	473,070	3,470,000	2,996,930	86.37	
Specialised vehicles	-	-	-	-	
Specialised vehicles	-	-	-	-	
Grand Total	2,237,867	7,087,508	4,849,641	68.43	

CACADU DISTRICT MUNICIPALITY

APPENDIX F

June 2011

CONDITIONAL GRANTS AND RECEIPTS FOR THE YEAR ENDED 30 JUNE 2011

	Unspent Balance 30 June 2010 Rand	Contributions/ Adjustments Rand	Current Year Receipts Rand	Interest Allocated Rand	Transfer to Revenue Rand	Capital Expenditure Rand	Transfers Rand	Unspent Balance 30 June 2011 Rand
CAPACITY BUILDING FOR COUNCIL	30,446	-	-	-	-	-	-	30,446
LIBRARIES - MUNICIPALITIES	1,521,832	-	6,338,000	-	(2,824,349)	-	-	5,035,483
DISASTER MANAGEMENT	3,953,114	-	1,000,000	-	(3,776,280)	-	(421,473)	755,361
FINANCE MANAGEMENT GRANT	-	-	1,250,000	-	(1,217,857)	-	-	32,143
MUNICIPAL SYSTEM IMPROVEMENT GRANT	415,354	-	750,000	-	(507,056)	-	-	658,298
IDP SUPPORT GRANT FOR LM'S AND DM'S	559,782	-	-	-	(522,900)	-	432,828	469,710
RESTRUCTURING GRANT	1,529,553	-	-	-	-	-	-	1,529,553
HOUSING PROJECTS	842,928	-	-	-	(6,146)	-	6,146	842,928
HONEYBUSH TEA	163,073	-	-	-	-	-	-	163,073
PEOPLES HOUSING PROJECT	11,169,510	-	-	770,653	(137,106)	-	-	11,803,057
MUNICIPAL GRANT LED	726,011	-	-	-	-	-	-	726,011
YOUTH CENTRE - SOMERSET EAST	229,801	-	-	-	-	-	-	229,801
PASSENGER TRANSPORT PLANS AND FACILITIES	1,912,720	-	-	-	-	-	-	1,912,720
PILOT HOUSING PROJECT - ADDO	796,254	-	-	-	-	-	(796,254)	-
LAND SURVEY PROJECTS	191,619	-	-	-	-	-	(191,619)	-
SPATIAL PLANNING PROJECTS	128,610	-	-	-	-	-	(128,610)	-
MULTI ANNUAL ACTION PLANS - MAAP	2,406,923	-	-	-	(250,194)	-	377,259	2,533,988
MIG	3,671,538	-	5,117,000	-	(4,396,720)	(79,154)	-	4,312,664
PUBLIC WORKS PROJECTS	742,912	-	-	-	(621,337)	-	-	121,575
LED STRATEGY SMME	609,599	-	-	-	-	-	-	609,599
FLOOD DAMAGE ROADS	43,292,625	-	-	2,670,078	(14,477,027)	-	-	31,485,676
KOUKAMMA - WOODLAND FLOWER PROJECT	564,749	-	-	-	-	-	-	564,749
RAIN HARVESTING	286,204	-	-	-	(253,828)	-	-	32,376
LED FUNDING	333,414	-	-	-	-	-	-	333,414
MUNICIPAL ADMINISTRATION: DEVELOPMENT	500,000	-	-	-	(156,151)	-	-	343,849
MUNICIPAL PERFORMANCE MANAGEMENT	1,432,053	-	-	-	(1,076,558)	-	-	355,495
DROUGHT RELIEF	44,237	-	-	-	-	-	(377,259)	44,237
DWAF (SECTION 78(3))	377,259	-	-	-	-	-	-	-
CAPACITY DEV (KOUGA LED STRATEGY)	32,000	-	-	-	-	-	-	32,000
GIS SUPPORT TO CDM BY DWAF	84,370	-	-	-	-	-	-	84,370
MIG:KOUKAMMA	46,619,553	-	-	-	(38,739,863)	-	-	7,879,690

CACADU DISTRICT MUNICIPALITY

APPENDIX F

June 2011

CONDITIONAL GRANTS AND RECEIPTS FOR THE YEAR ENDED 30 JUNE 2011

	Unspent Balance 30 June 2010 Rand	Contributions/ Adjustments Rand	Current Year Receipts Rand	Interest Allocated Rand	Transfer to Revenue Rand	Capital Expenditure Rand	Transfers Rand	Unspent Balance 30 June 2011 Rand
TOURISM PLANS - DLG&TA	262,582	-	-	-	-	-	-	262,582
TOURISM PLANS - DBSA	-	-	-	-	-	-	-	-
KOUKAMMA STRENGTHENING THE CAPACITY	3,000,000	-	-	-	(2,131,223)	-	-	868,777
DBSA LED: AGRI-INNOVATION INTERVENTION	-	-	1,122,163	-	(993,422)	-	(128,742)	-
DBSA LED: PROJECT MANAGEMENT UNIT	-	-	60,582	-	(67,177)	-	6,595	-
DBSA LED: STRATEGY AND INSTITUTIONAL	-	-	1,276,829	-	(1,184,336)	-	(7,524)	84,969
IDP SUPPORT 2009/2010	112,600	-	-	-	-	-	(112,600)	-
SRV STRENGTHENING THE CAPACITY OF LM	300,000	-	-	-	(300,000)	-	-	-
THINA SINAKO PROV LED SUPOORT PROGRAM	483,667	-	436,548	-	(262,593)	-	-	657,621
RAIN HARVESTING PEARSTON	2,257,028	-	-	-	(2,227,119)	-	-	29,909
RAIN HARVESTING PATERSON	550,000	-	-	-	-	-	-	550,000
FIRE SERVICES	-	-	-	-	(374,487)	-	421,473	46,986
DROUGHT RELIEF 2010/2011	-	-	9,728,155	-	(4,168,778)	-	-	5,559,377
KOUKAMMA LM TURNAROUND PLAN INTEREST	-	-	1,274,587	-	-	-	382,775	1,657,362
CAMDEBOO: ERADICATION OF VIP TOILETS	-	-	1,848,939	-	-	-	-	1,848,939
DEPARTMENT OF HEALTH	1,854,277	-	21,433,889	-	(21,412,797)	-	-	1,875,369
TOTAL	133,988,197	-	51,636,691	3,440,731	(102,085,304)	(79,154)	(537,004)	86,364,157

Add: Capital Expenditure (79,154)

Add: direct transfers (659,151)

Total to Revenue (102,823,608)

CACADU DISTRICT MUNICIPALITY

APPENDIX F1

June 2011

GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MEFA, 55 OF 2003

GRANTS AND SUBSIDIES RECEIVED																	Reason for non Compliance
Name of Grant	Name of Organ of state	2010/2011				2010/2011				2010/2011				Reason for delay/ withholding funds	Comply to DORA Y/N	Reason for non Compliance	
		Quarterly Receipts		June		Quarterly Expenditure		June		Grants and Subsidies Delayed/withheld		2010/2011					
		Sept	Dec	Mar	June	Sept	Dec	Mar	June	Sept	Dec	Mar	June				
		Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand				
LED Funding	Provincial Government	-	-	-	-	-	-	-	-	-	-	-	-	N/A	Yes	N/A	
Capacity Building for Councilors	Provincial Government	-	-	-	-	-	-	-	-	-	-	-	-	N/A	Yes	N/A	
Tourism Plans - DBSA	Other	-	-	-	-	-	-	-	-	-	-	-	-	N/A	Yes	N/A	
Youth Centre - Somerset East	Provincial Government	-	-	-	-	-	-	-	-	-	-	-	-	N/A	Yes	N/A	
Finance Management Grant	National Government	1,250,000	-	-	-	16,250	-	-	505,655	-	-	-	694,952	N/A	Yes	N/A	
Municipal System Improvement Grant	National Government	750,000	-	-	-	38,805	201,475	-	224,838	-	-	-	41,938	N/A	Yes	N/A	
Restructuring Grant	National Government	-	-	-	-	-	-	-	-	-	-	-	-	N/A	Yes	N/A	
Multi Annual Action Plan - MAAP	National Government	2,900,000	-	-	-	768,700	1,736	-	41,862	-	-	-	206,596	N/A	Yes	N/A	
MIG	National Government	-	-	2,217,000	-	22,703,807	634,955	1,807,023	1,183,759	1,807,023	-	-	1,807,023	N/A	Yes	N/A	
MIG - Kou Kamma	National Government	-	-	-	-	-	5,444,763	10,205,894	385,217	-	-	-	385,217	N/A	Yes	N/A	
Building for Sport and Recreation	National Government	-	-	-	-	582,790	915,473	10,059,150	2,919,614	-	-	-	2,919,614	N/A	Yes	N/A	
Flood Damaged Roads	Other	-	-	-	-	-	-	-	-	-	-	-	-	N/A	Yes	N/A	
DBSA: Cacadu Cemetery Management	Provincial Government	-	-	-	-	-	-	-	-	-	-	-	-	N/A	Yes	N/A	
Goat Farming at Kwezi	Provincial Government	-	-	-	-	-	-	-	-	-	-	-	-	N/A	Yes	N/A	
Drought Relief	Provincial Government	-	-	-	-	-	-	-	-	-	-	-	-	N/A	Yes	N/A	
Libraries - Municipalities	Provincial Government	-	-	6,338,000	-	99,864	124,862	588,623	1,911,000	-	-	-	1,911,000	N/A	Yes	N/A	
Disaster Management	Provincial Government	1,000,000	-	-	-	2,250,000	678,744	204,158	843,378	-	-	-	843,378	N/A	Yes	N/A	
Municipal Administration:Health	Provincial Government	-	-	-	-	-	-	-	-	-	-	-	-	N/A	Yes	N/A	
Municipal Performance Management	Provincial Government	-	-	-	-	-	-	-	-	-	-	-	-	N/A	Yes	N/A	
IDP Support Grant for LMs and DMs	Provincial Government	-	-	-	-	-	-	-	-	-	-	-	-	N/A	Yes	N/A	
Seydlerville Sport Field	National Government	-	-	-	-	-	-	-	-	-	-	-	-	N/A	Yes	N/A	
Housing Projects	Provincial Government	-	-	-	-	62,837	-	-	20,391	-	-	-	-	N/A	Yes	N/A	
Honeybush Tea Eve Brand Package	Provincial Government	-	-	-	-	-	-	-	-	-	-	-	-	N/A	Yes	N/A	
People Housing Projects	Provincial Government	-	-	-	-	-	-	-	-	-	-	-	-	N/A	Yes	N/A	
Passenger Transport Plans and Facilities	Provincial Government	-	-	-	-	-	-	-	-	-	-	-	-	N/A	Yes	N/A	
Land Survey Projects	Provincial Government	-	-	-	-	-	-	-	-	-	-	-	-	N/A	Yes	N/A	
Spatial Planning Projects	Provincial Government	-	-	-	-	-	-	-	-	-	-	-	-	N/A	Yes	N/A	
Public Works Projects	Provincial Government	-	-	-	-	-	-	-	-	-	-	-	-	N/A	Yes	N/A	
Capacity Development (Kouga LED Strategy)	Provincial Government	-	-	-	-	-	-	-	-	-	-	-	-	N/A	Yes	N/A	
DBSA Land Audit	Other	-	-	-	-	-	-	-	-	-	-	-	-	N/A	Yes	N/A	
DBSA: LED Agri-Innovation Intervention	Other	-	-	361,220	483,862	-	73,013	529,634	390,775	-	-	-	390,775	N/A	Yes	N/A	
DBSA: LED Strategy and Institutional	Other	-	-	635,499	641,330	-	265,966	339,055	590,295	-	-	-	590,295	N/A	Yes	N/A	
IDP Support 2009/10	Other	-	277,081	-	-	-	-	-	-	-	-	-	-	N/A	Yes	N/A	
DBSA: LED Strategy and Institutional	Provincial Government	-	-	-	-	-	-	-	-	-	-	-	-	N/A	Yes	N/A	
Rain Harvesting - Pearson	National Government	-	-	-	-	-	-	-	-	-	-	-	-	N/A	Yes	N/A	
Rain Harvesting - Paterson	National Government	-	-	-	-	-	-	-	-	-	-	-	-	N/A	Yes	N/A	
Koukamma - Strengthening the Capacity	National Government	-	-	-	-	947,850	242,957	5,749	934,867	-	-	-	934,867	N/A	Yes	N/A	
SRV - Strengthening the Capacity	National Government	-	-	-	-	246,989	-	-	300,000	-	-	-	300,000	N/A	Yes	N/A	
DBSA LED Project Management Unit	Other	-	-	25,050	35,532	-	25,508	9,965	1,148,863	-	-	-	1,148,863	N/A	Yes	N/A	
Thiba Sinako Priv LED Support Programme	Provincial Government	-	-	-	-	-	-	-	262,593	-	-	-	262,593	N/A	Yes	N/A	
Municipal Grant LED	Provincial Government	-	-	436,548	-	-	-	-	-	-	-	-	-	N/A	Yes	N/A	
Ndlambe Disability Special Projects	Provincial Government	-	-	-	-	-	-	-	-	-	-	-	-	N/A	Yes	N/A	
LED Strategy SMME	Provincial Government	-	-	-	-	-	-	-	-	-	-	-	-	N/A	Yes	N/A	
Koukamma-Woodland Flower Project	National Government	-	-	-	-	-	-	-	-	-	-	-	-	N/A	Yes	N/A	
Rain Harvesting	National Government	-	-	-	-	-	-	-	-	-	-	-	-	N/A	Yes	N/A	
Municipal Administration:DEV of Bylaws	National Government	-	-	-	-	-	-	-	-	-	-	-	-	N/A	Yes	N/A	
DWARF (Section 78)	National Government	-	-	-	-	-	-	-	-	-	-	-	-	N/A	Yes	N/A	
GIS Support To CDM by DWARF	National Government	-	-	-	-	-	-	-	-	-	-	-	-	N/A	Yes	N/A	
Tourism Plans-DLG&TA	Provincial Government	3,200,000	3,284,000	3,244,155	-	670,000	3,430,000	58,697	10,081	-	-	-	10,081	N/A	Yes	N/A	
Drought Relief 2010/2011	National Government	1,274,587	-	-	-	-	-	-	-	-	-	-	-	N/A	Yes	N/A	
Koukamma LM-Turn around Plan Interest	Other	-	-	601	1,039,994	-	-	-	-	-	-	-	-	N/A	Yes	N/A	
Primary Health Care	Provincial Government	-	-	-	-	8,102,694	11,226,282	400,155	292,152	-	-	-	292,152	N/A	Yes	N/A	
Fire Services	Provincial Government	-	-	-	-	-	-	-	-	-	-	-	-	N/A	Yes	N/A	
Camdeboo:Eradication of VIP Toilets PH2	Provincial Government	-	-	-	-	-	-	-	-	-	-	-	-	N/A	Yes	N/A	
		10,374,587	24,390,923	12,821,525	4,049,657	37,884,151	23,982,701	25,538,639	14,649,982	-	-	-	-				

CACADU DISTRICT MUNICIPALITY

APPENDIX G

June 2011

INVESTMENT PORTFOLIO FOR THE YEAR ENDED 30 JUNE 2011

FINANCIAL INSTITUTION	ACCOUNT NUMBER	PERIOD MONTHS	% INT RATE	DATE INVESTED	DATE MATURING	INVEST/MATURE 2010/2011	BALANCE 30 JUNE 2011
FIRST RAND BANK	71230113666	6	7.33%	19-Jan-10	19-Jul-10	6,000,000	
INVESTEC	DA881968	6	7.58%	19-Jan-10	19-Jul-10	3,000,000	
ABSA GROUP	2069363283	12	8.05%	23-Jul-09	22-Jul-10	16,000,000	
FIRST RAND BANK	71208232373	6	7.41%	9-Feb-10	9-Aug-10	5,000,000	
INVESTEC	DA883201	6	7.48%	9-Feb-10	10-Aug-10	9,000,000	
NEDCOR BANK	7881501480000096	8	7.72%	8-Dec-09	10-Aug-10	12,000,000	
NEDCOR BANK	7881501480000095	9	7.75%	26-Nov-09	26-Aug-10	8,000,000	
NEDCOR BANK	7881501480000098	9	7.75%	8-Dec-09	8-Sep-10	12,000,000	
ABSA GROUP	2069539658	12	7.58%	15-Sep-09	14-Sep-10	16,000,000	
STANDARD BANK	088430537132	12	7.55%	15-Sep-09	14-Sep-10	13,000,000	
FIRST RAND BANK	71235652403	6	6.75%	1-Apr-10	1-Oct-10	14,000,000	
NEDCOR BANK	7881501480000099	9	7.70%	19-Jan-10	19-Oct-10	6,000,000	
STANDARD BANK	088430537134	9	7.70%	19-Jan-10	19-Oct-10	2,000,000	
STANDARD BANK	088430537133	12	7.93%	26-Oct-09	25-Oct-10	4,000,000	
FIRST RAND BANK	71265602395	6	6.65%	29-Apr-10	29-Oct-10	5,000,000	
NEDCOR BANK	7881501480000100	9	7.51%	9-Feb-10	9-Nov-10	13,000,000	
NEDCOR BANK	7881501480000094	12	7.93%	26-Nov-09	25-Nov-10	10,000,000	
FIRST RAND BANK	71226405019	6	6.70%	31-May-10	30-Nov-10	27,000,000	
NEDCOR BANK	7881501480000097	12	7.81%	8-Dec-09	7-Dec-10	21,000,000	
ABSA GROUP	2069932230	11	7.80%	19-Jan-10	20-Dec-10	25,000,000	
STANDARD BANK	088430537135	11	7.50%	9-Feb-10	10-Jan-11	6,000,000	
FIRST RAND BANK	71201472603	6	6.44%	21-Jul-10	21-Jan-11	19,000,000	
INVESTEC	DA888651	7	6.83%	28-Jun-10	28-Jan-11	8,000,000	
STANDARD BANK	088430537137	9	6.87%	29-Apr-10	29-Jan-11	10,000,000	
ABSA GROUP	2070004488	12	7.60%	9-Feb-10	8-Feb-11	17,000,000	
INVESTEC	DA892637	6	6.56%	19-Aug-10	18-Feb-11	7,000,000	
STANDARD BANK	088430537139	8	6.70%	29-Jun-10	1-Mar-11	17,000,000	
STANDARD BANK	088430537136	12	7.13%	1-Apr-10	30-Mar-11	17,000,000	
ABSA GROUP	2070188527	12	7.15%	1-Apr-10	31-Mar-11	6,000,000	
INVESTEC	DA885229	12	7.15%	1-Apr-10	31-Mar-11	2,000,000	
NEDCOR BANK	7881501480000101	7	6.15%	17-Sep-10	18-Apr-11	8,000,000	
INVESTEC	DA892050	9	6.55%	21-Jul-10	21-Apr-11	13,000,000	
ABSA GROUP	2070708779	8	6.15%	17-Sep-10	17-May-11	13,000,000	
STANDARD BANK	088430537141	8	6.21%	18-Sep-10	17-May-11	3,000,000	
ABSA GROUP	2070368313	12	7.07%	31-May-10	30-May-11	10,000,000	
STANDARD BANK	088430537138	12	7.10%	31-May-10	30-May-11	20,000,000	
NEDCOR BANK	7881501480000102	9	6.22%	17-Sep-10	17-Jun-11	8,000,000	
FIRST RAND BANK	71183446320	7	5.65%	19-Nov-10	20-Jun-11	8,000,000	
NEDCOR BANK	7881501480000104	7	5.60%	19-Nov-10	20-Jun-11	5,000,000	

CACADU DISTRICT MUNICIPALITY

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June 2011

INVESTMENT PORTFOLIO FOR THE YEAR ENDED 30 JUNE 2011

FINANCIAL INSTITUTION	ACCOUNT NUMBER	PERIOD MNTHS	% INT RATE	DATE INVESTED	DATE MATURING	INVEST/MATURE 2010/2011	BALANCE 30 JUNE 2011
FIRST RAND BANK	71265602395	7	5.69%	8-Dec-10	8-Jul-11		12,000,000
ABSA GROUP	2070621810	11	6.65%	19-Aug-10	19-Jul-11		9,000,000
ABSA GROUP	2070626226	12	6.75%	21-Jul-10	20-Jul-11		3,000,000
STANDARD BANK	088430537140	12	6.71%	21-Jul-10	20-Jul-11		7,000,000
FIRST RAND BANK	71238977816	8	5.71%	8-Dec-10	8-Aug-11		12,000,000
NEDCOR BANK	7881501480000106	8	5.70%	8-Dec-10	8-Aug-11		6,000,000
FIRST RAND BANK	71178318310	12	6.62%	19-Aug-10	18-Aug-11		4,000,000
STANDARD BANK	088430537143	9	5.65%	19-Nov-10	19-Aug-11		7,000,000
NEDCOR BANK	7881501480000107	9	5.74%	8-Dec-10	8-Sep-11		13,000,000
NEDCOR BANK	7881501480000105	10	5.70%	19-Nov-10	19-Sep-11		15,000,000
NEDCOR BANK	7881501480000108	10	5.77%	8-Dec-10	10-Oct-11		13,000,000
ABSA GROUP	2070772805	12	6.24%	12-Oct-10	11-Oct-11		1,000,000
FIRST RAND BANK	71214140271	12	6.22%	12-Oct-10	11-Oct-11		10,000,000
NEDCOR BANK	7881501480000103	12	6.25%	12-Oct-10	11-Oct-11		2,000,000
STANDARD BANK	088430537142	12	6.25%	12-Oct-10	11-Oct-11		1,000,000
INVESTEC	DA905404	7	5.85%	4-Apr-11	4-Nov-11		6,000,000
FIRST RAND BANK	71235652403	11	5.81%	8-Dec-10	8-Nov-11		1,000,000
INVESTEC	DA900303	11	5.76%	8-Dec-10	8-Nov-11		6,000,000
ABSA GROUP	2071042455	10	5.75%	24-Jan-11	24-Nov-11		25,000,000
STANDARD BANK	088430537146	9	5.80%	3-Mar-11	3-Dec-11		9,000,000
ABSA GROUP	2071168629	9	5.85%	3-Mar-11	5-Dec-11		1,000,000
ABSA GROUP	2070923410	12	5.75%	8-Dec-10	7-Dec-11		3,000,000
STANDARD BANK	088430537144	12	5.77%	9-Dec-10	8-Dec-11		2,000,000
INVESTEC	DA903888	10	6.01%	3-Mar-11	1-Jan-12		4,000,000
FIRST RAND BANK	71230113666	12	6.10%	24-Jan-11	23-Jan-12		18,000,000
STANDARD BANK	088430537145	12	6.04%	24-Jan-11	23-Jan-12		7,000,000
STANDARD BANK	088430537148	9	6.00%	19-May-11	19-Feb-12		7,000,000
ABSA GROUP	2071385558	9	6.02%	19-May-11	20-Feb-12		9,000,000
INVESTEC	DA908224	9	6.08%	19-May-11	20-Feb-12		13,000,000
ABSA GROUP	2071257004	11	6.00%	1-Apr-11	1-Mar-12		11,000,000
STANDARD BANK	088430537147	12	6.15%	1-Apr-11	31-Mar-12		23,000,000
INVESTEC	DA910271	10	6.13%	21-Jun-11	20-Apr-12		2,000,000
ABSA GROUP	2071612254	10	6.04%	21-Jun-11	23-Apr-12		6,000,000
NEDCOR BANK	7881501480000109	10	6.11%	21-Jun-11	23-Apr-12		7,000,000
STANDARD BANK	088430537149	11	6.16%	21-Jun-11	21-May-12		15,000,000
							290,000,000

